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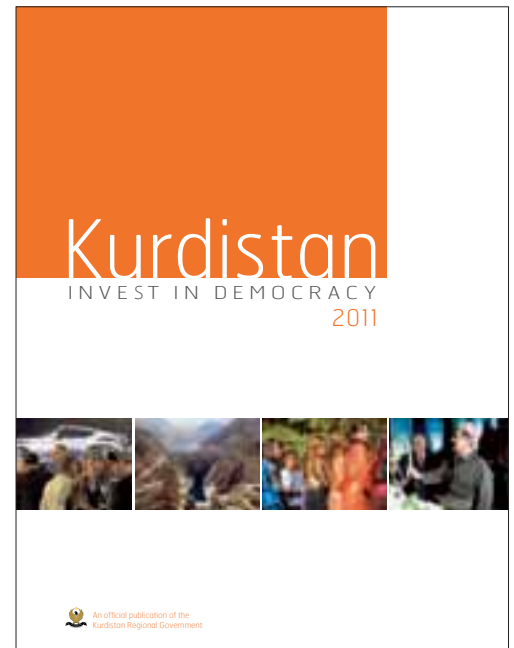
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PricewaterhouseCoopers has refreshed its branding in order to strengthen, and modernise how it represents its worldwide network to its clients, its people and the communities in which it operates.

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Creation of the new brand positioning was the work of PwC's Global Brand Team and its Network Leadership Team with assistance from the global brand consultancy Wolff Olins. PwC's global website, pwc.com, has been redesigned to reflect the changes.

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President Masoud Barzani

Welcome to the Kurdistan Region of Iraq

President Masoud Barzani extends a warm welcome to foreigners keen to invest in and learn about this fascinating and fast-developing Region

It is my pleasure to introduce this publication and the Kurdistan Region of Iraq, a land of opportunity and growth. To friends and newcomers, welcome.

Today, our people enjoy unprecedented security and prosperity. Since 2003, we have created a democratic and economically vibrant Region, and take our role as a beacon of hope for Iraq seriously by providing a model of economic activity, ethnic and religious tolerance, security, and progress. We have also been among the most active and prominent proponents for the development of a stable, inclusive Iraqi state.

Here I will guide you through recent developments in the Kurdistan Region and explain our vision for the future.

OIL, GAS, AND ECONOMIC DIVERSITY The Kurdistan Region contains substantial, largely untapped reserves of oil and natural gas, which have the potential to make the Region an important energy source for the international market.

The Iraqi Constitution clearly explains that oil and gas resources belong to all of the Iraqi people, and thus grants the right to develop and manage oil fields to all respective regions. While the federal government has been unable to increase production or to rehabilitate oil fields, we have successfully developed our own fields, generating electricity and energy revenues that will benefit all of the Iraqi people. I am optimistic that the government will make the passing of a federal law on hydrocarbons a top priority.

The Kurdistan Regional Government (KRG) has actively facilitated economic diversification. We have created an attractive investment law, which places the private sector at the center of our economy. We actively promote foreign direct investment and private enterprise in most fields, and have pioneered improvements in essential services such as electricity, roads, clean water, and infrastructure. The results speak for themselves—we now have approximately 10 times more electricity per hour than the rest of Iraq, and we also have bustling cities and growing industries.

Still, much of the Region's potential is untapped. As an emerging market, we possess very attractive aspects: untapped natural resources; increasing demand and purchasing power; opportunity for ground-level investment; a rapidly growing economy; and government support for private-sector activity and innovative business solutions. Investors should explore the opportunities we offer in agriculture, light industry and manufacturing, technology, communications, construction, healthcare, education, development of natural resources, tourism, retail, and general trade.

We often describe the Kurdistan Region as the gateway to the rest of Iraq—a place to connect to the economic potential in the rest of the country. But I believe it is better for investors to consider our Region as a base in Iraq—a place where substantive investment and projects can be undertaken. We look forward to the day when the rest of Iraq enjoys our level of security and stability, enabling firms with an established presence in the Kurdistan Region to expand throughout the Iraqi market.

SOCIAL GROWTH AND REFORM The Kurdistan Region has a robust economy with a tremendous growth rate. This has resulted

Welcome to a stable and secure location with favorable legislation and abundant opportunity



in the improvement of our cities, streets and buildings. We have also embarked on a number of initiatives to improve our society and government, such as promoting good governance and anti-corruption reforms, women's rights, protection of minorities, better education, improved healthcare, the development of civil society organizations, and freedom of the press. We have worked closely with the private sector to provide training and build capacity for our youth. I believe one of the primary purposes of government is to ensure the social fabric of our communities grows alongside the economy.

FRIENDS AND NEIGHBORS The cornerstone of our foreign relations is commercial exchange. In particular, we currently trade approximately \$5 billion–\$6 billion with Turkey annually. The Turkish Consulate General in Erbil, along with important visits from Turkey's Foreign Minister and senior officials to Erbil, and my visit to Ankara, is a testament to our genuine sense

of partnership. Similarly, our relations with Arab states have also grown steadily.

We now have 20 diplomatic representations in the Kurdistan Region, including three Arab states, and have developed good relations with Europe, the US, and Asian states. These relationships stem from the openness of the Kurdish people. We energetically pursue the enrichment of new ideas and technology, are excited to learn about other cultures, and are keen to share our history and traditions with others.

ALL ARE WELCOME To all investors, friends, newcomers, tourists, and diplomats, I say welcome. Welcome to a stable and secure location with favorable legislation and abundant opportunity. You will find a population that has emerged from a difficult history and is ready to learn, grow, and partner with the international community, foreign firms, and investors. Welcome to the Kurdistan Region of Iraq. Our doors are open. ■



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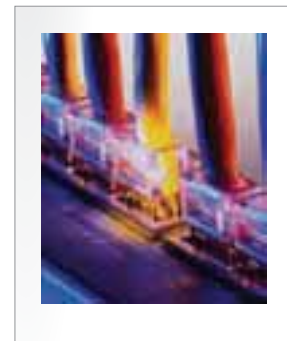
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Prime Minister Dr Barham Salih

Kurdistan: secure, prosperous, developing

Dr Barham Salih, Prime Minister of the KRG

As the Prime Minister of the KRG, it is my great pleasure to welcome this publication, which is addressed to those interested in knowing more about our remarkable region. Kurdistan is remarkable for many reasons—not least that Kurdistan and its peoples have been transformed over the last two decades. Thankfully, Kurdistan is a totally different place to what it was in 1991. If you had visited us then—not that it was very easy to do so with the Iraqi dictatorship blockading us—the scene you would have been met with would have been one of devastation caused by years of conflict and oppression, and the manifestations of abuse by a central government that was at its best indifferent, and at its worst violently hostile, to the welfare of the Kurds. I say this not to gain your sympathy, but because it is important—vitaly important—that we remember from where we started in order to understand clearly where we are going.

The trajectory of Kurdistan's development since those dark days in the early 1990s has been impressively steep. Lessons, some very painful, have been learnt on the way. But the desire of the people of the Region to improve their lives, and ultimately to live in a secure and prosperous environment, rich with opportunities to better themselves, has shone through adversity. This desire has been supported by our friends in the international community—with extensive humanitarian assistance provided in the past—and now we look to the future as an emerging, developing Region. Resplendent with both human and natural resources and placed strategically at the meeting point of major regional and international markets, international investors are

keen to partner with the KRG and the region's private sector in furthering Kurdistan's advancement.

You could be forgiven for believing that, in many ways, Kurdistan is too good to be true as an investment opportunity. Virtually every sector of activity is open for investment: our investment laws are generous to the foreign investor; there is in place a large domestic market with an increasing amount of disposable income to hand; there is an even larger market across the rest of Iraq, which is accessible to those working from Kurdistan; there is vision and drive from those elected to govern, and an eagerness to embrace the private sector and limit the role played by the public sector across the region; our leaders are unified in their targeting of inefficiency and corruption—problems that haunt many states in the wider region—and we have already made significant headway in changing working practices; and we, as a government and as a people, have embraced democratic principles, in government, in society, and in the workplace.



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There is a considerable way to go, but we are clearly going in the right direction at a quick pace



Of course, there is a considerable way to go, and there will be setbacks along the way. But we are clearly going in the right direction at a very quick pace.

I will leave you to get a better sense of the advances that have been made in our vibrant, exciting Region by reading the contributions made by the distinguished contributors to this publication and to make your own judgements as to what we have achieved, and where we are going. I would ask that you do remember the following as you consider what you read, particularly as some of you will remain understandably concerned about investing in any particular region of Iraq: we have turned our weaknesses into strengths.

Iraq as a whole has turned a corner, politically speaking; Kurdistan's resources are now used in Kurdistan's interests and not against her people as they were under Saddam. Our subjugation under dictatorship has been transformed into determination to succeed in a democracy. Our geopolitical location—often seen as landlocked and, therefore, weak—is central and pivotal, and ideally placed with regard to emerging markets in the region and the advanced economies of Europe and the East alike; we know our weaknesses as well as our strengths, and hide neither in the hope of continuing along our impressive trajectory of development.

With those thoughts in mind, I hope you feel able to consider working with us in the Kurdistan Region, for the benefit of us all. ■



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Rt Hon William Hague MP

The dash for modernity

Rt Hon William Hague MP, UK Secretary of State for Foreign and Commonwealth Affairs

I am delighted to contribute to this edition of *Kurdistan: Invest in Democracy*, and to set out some thoughts on the future of the Kurdistan Region of Iraq.

The Region is going through a period of dynamic change—much of it for the good. After a long period of isolation, suffering and uncertainty, the Kurdistan Region is now characterized by engagement with the outside world, growing prosperity and increasing confidence in the future. It is quite a turnaround, and makes the Kurdistan Region one of the major success stories of Iraq.

Buoyed by a strong and stable security and political environment, the Region is going through a ‘dash for modernity’. Kurdistan is proud of its traditions, its sense of family and of loyalty to the community, and its sense of identity that has been toughened through resistance to persecution. But the Region is no longer inward-looking. This is a time of renewal and energy.

A visitor to Erbil, particularly, would be struck by the current consumer and construction boom. Large and small shopping malls are springing up downtown, as are prosperous gated ‘villages’, hotels and amusement parks. Much of this progress is encapsulated in Erbil’s gleaming, smart and secure new international airport (pictured right)—which I am delighted British expertise had a hand in delivering.

Given the good security situation and the energy of its people, Kurdistan finds itself in a position to road-test plans and projects on behalf of the rest of Iraq. Central to this and the Region’s success is the policy of engagement. The Region’s relations with Turkey have gone through a sea change over the past few years. That is a testament to both sides’ commitment to look to the future, not the past. Prime Minister Maliki’s eventual formation of a new government followed last year’s election: a breakthrough that the Kurdish bloc, and President Barzani personally, played a significant role in bringing about.

Successful and energetic engagement with Baghdad is vital to the Region’s future: a lesson that is not lost on the region’s political leadership. There is still much to do to get Baghdad-Erbil relations to where they should be. The top priority is passing legislation on revenue-sharing and hydrocarbons, which will enable the development of Iraq’s oil and gas wealth in one political and economic sphere.

What role can the UK play in the economic development of the Region? The UK is a world leader in financial services and investment advice, and a springboard for growth for companies from around the world. Our hydrocarbons companies lead the world in know-how and responsible, sustainable development. Our consultants and engineers have a global reputation for delivering world-class projects, as well as basic infrastructure needs, including schools, hospitals and health centers. Our SME sector is vibrant, innovative and internationally savvy.

The size of the UK presence at the Erbil Trade Fair in October 2010, led by UK Trade and Investment CEO Sir Andrew Cahn, was evidence of the range of the UK offer, and of the strong interest present in the UK in forging stronger trade and investment links with Kurdistan. UK companies have already had some success in this respect. We are looking to build on that, and my officials in Erbil stand ready to help. ■





UAE Minister of Foreign Trade
Sheikha Lubna Al-Qasimi

Exciting potential

Sheikha Lubna Al-Qasimi, UAE Minister of Foreign Trade, highlights the reasons behind her federation's enthusiasm to embark on further investment in the Kurdistan Region

Our recent visit to Erbil ushers in a new era in Iraqi-UAE trade and economic cooperation, with genuine eagerness from both sides to pursue more strategic investments and maximize mutual opportunities, especially in non-oil businesses.

Earlier this year, we shared plans for enhanced trade, economic, investment, and commercial cooperation during Prime Minister Barham Salih's trip to our country. Our visit to Kurdistan follows up on our shared visions and is crucial to sustaining the momentum of our highly productive partnership with Iraq overall. Last year, our bilateral non-oil commercial exchange with Iraq topped \$5 billion, to surpass the 2008 figure by a huge 63 percent. Iraq is currently our second largest Arab economic partner and is ranked number 11 at a global level.

We were very pleased to learn about the progress being made in the UAE-supported investment locations we visited, and the huge potential represented by the local industrial and tourism sites at which we were welcomed. The 48 high-ranking officials and managers of Emirati companies from various sectors who accompanied me are very excited about the range of investment and business possibilities they observed in Kurdistan.

UAE companies are already set to win major contracts to develop Iraqi housing, infrastructure and tourism projects, said by the Iraqi National Investment Commission to be worth \$70 billion. Some of them will be finalized soon, and a number of them will be undertaken in Kurdistan. These represent more jobs and local income for the Region, and for Iraq in general, and will provide UAE companies with strategic access to Kurdistan's rapidly growing market.

The scope of economic and market reforms being pursued by Kurdistan, as explained to us by President Masoud Barzani and

Prime Minister Barham Salih, was very impressive. With a per-capita income of more than \$4,500, over 30 percent higher than the rest of the country, Kurdistan is a major consumer market that the UAE will definitely look into more closely.

Our stay in Kurdistan has strengthened our resolve to fully support the doubling of UAE investments into this Region to around \$6 billion by 2013. The International Monetary Fund's decision to double its forecast for our 2010 GDP growth proves our excellent position to boost our foreign investments, and Kurdistan will certainly be among our key priorities.

But more than the bright future in trade and business that we look forward to sharing with Kurdistan, it is our friendship with this Region that motivates us to forge closer ties with its leaders and its people. ■



New homes under construction in Erbil

Kurdistan is a major consumer market that the UAE will definitely look into more closely



Modern developments, such as these apartment buildings in Erbil, are springing up in the Region's town and cities



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From Vienna, Austrian Airlines flies direct five times a week – Mondays, Wednesdays, Thursdays, Fridays and Saturdays – with a flight time of 3 hours 40 minutes.

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Both airlines offer Business and Economy Class to Erbil. Whichever travel class you choose, your fare includes all taxes, fees and charges, a free baggage allowance, free seat reservation, free refreshments, comfortable seats with plenty of legroom and the excellent service you would expect from one of the world's leading airline groups.



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Francisco J Sánchez

Business in Iraq: an exciting future in the Kurdistan Region and beyond

Francisco J Sánchez, US Under Secretary of Commerce for International Trade

In June 2008, the US Department of Commerce led nine eager American companies to Erbil, capital of the Kurdistan Region of Iraq, on the first trade mission to Iraq in decades. The hospitality shown by the Kurdistan Regional Government was warm and welcoming. That mission signaled a new phase in our relationship with Iraq, focusing more on building economic ties through trade and investment than on security. Since then, we have returned to the vibrant city of Erbil with more companies, we hosted the US-Iraq Business and Investment Conference and, most recently, I led a trade mission to Baghdad.

During my visit, I learned about extensive business and investment opportunities throughout Iraq. I witnessed the eagerness with which Iraqi businessmen and women desire to find dependable business partners, especially with the United States. Additionally, I met with many bright, innovative, and hardworking Iraqis. There is no mistaking that Iraq is poised to become an economic leader in the region and the world.

Our relationship now encompasses comprehensive political, economic, environmental, technological, and cultural cooperation. Though Iraq is still an economy emerging from a troubled past, it is evident that the country is open for business and has a bright future. From Erbil to Basra, Iraq is a country that is developing a market conducive to trade, investment, and private-sector development. It is a country where opportunities abound, and

which desires to work with world-class companies so that it can develop world-class industries.

As Iraq continues on this road as an emerging economy, it will be Iraq's private sector that leads the way to prosperity. While the public sector has an important role to play in shaping a business- and investment-friendly commercial environment, it will be increased private-sector trade and investment that will build the dynamic economy that we all seek. This is not lost on the business leaders of the Kurdistan Region of Iraq, where business prospers.

To realize Iraq's economic potential, the government of Iraq will need to address important challenges. For instance, the oil sector must be carefully managed for the benefit of all Iraqis, and that involves passing a package of laws that cover revenue-sharing and management of the hydrocarbon sector. To that end, the central government of Iraq and the Kurdistan Regional Government must come together through positive engagement. Without a legal framework in place governing investment in the hydrocarbon sector, current private investors still face fiscal, political, and legal risks. We are confident that such challenges will be addressed to the benefit of all of Iraq, and are encouraged by recent agreements on oil exports.

Iraq, including the Kurdistan Region, has the opportunity to establish a reputation as a preferred destination for trade and investment, and educate the global business community on the progress it has made. The United States is proud to stand side by side with Iraq. We value this important friendship and we are dedicated to Iraq's success. ■

Setting a course for stability and success

Professor Gareth Stansfield interviews Prime Minister Dr Barham Salih

Prime Minister, what is your vision for Kurdistan?

My vision is simple—it is to see Kurdistan thrive as a federal region of the Iraqi state. For this to happen, Iraq as a whole has to be peaceful, stable, democratic—in short, a state in which Kurdistan can achieve its potential to the full without fear, intimidation, threat or hindrance. But Kurdistan also has to be an agent in its own success. We need to build sustainable economic structures, improve the standard of living of our people, and strive towards institutionalizing our democratic processes and procedures further, until they become norms for our society and our political life. My vision for Kurdistan is not to see it as Switzerland, nor to see Erbil as Dubai—as is sometimes said. My vision is for Kurdistan to be successful and prosperous on its own terms, and in a way that befits the people of the Region.

If you could identify one area that proves to the international community the seriousness of the KRG's plans to develop the Region to the full, what would it be?

It would be easy enough to point immediately to the investment we have made in the hydrocarbons sector, and it would be correct to do so. Our policy in this sector has been brave, successful, and will go from strength to strength in the future. However, there is one initiative we are pursuing that should be considered even more important in terms of how we aim to develop our Region. This is the investment we are making in our human resources.

Our goal is to tap the energy, entrepreneurship, creativity, and intelligence of our people. We will do this by making sure that future generations will be provided with the best education and that our people can satisfy the demands of employers.

That is, indeed, an impressive goal. Could you expand on how you intend to achieve it?

We have already begun the process of improving the education and skills of our people. Admittedly, it is a process that requires much investment, over successive years, before an end result is seen. However, the progress we have made is clear for all to see. Consider the higher-education sector, for example. In 1991, there was only one university in the entire Region—Salahadin University in Erbil, which had about 8,000 students. They were being taught programs modeled totally on those being taught across the rest of Iraq—programs that were already obsolete. Today, we have seven universities across the Region and we are opening four new ones.

In addition, we have 20 technical institutes and three technical colleges, and we are facilitating the establishment of prestigious private universities in our major cities. These universities are being fed by a more expansive secondary education system. In 1991, for example, Kurdistan had only 1,320 schools teaching 550,000 students. Today, we have more than 5,000 schools and around 1.4 million students. The scale of change is astonishing.

However, we recognize that we need to do more than build schools and educate students to the best of our current abilities. It is not good enough anymore to benchmark our progress against the rest of Iraq, or even against our neighbors. We exist in a global community and a global market, so we need to bring our standards



Prime Minister Dr Barham Salih



up to a level that is commensurate with the international community. We need to expose our brightest minds to experiences across the world so that they can return to Kurdistan and begin the process of building our own capacities. With this in mind, the KRG has launched the \$100 million Human Capacity Development Program, which will provide scholarships for students to study master's and doctoral degrees at renowned international universities. We need to be focused and disciplined and to think ahead to ensure that our people receive the best training they can, and that their experiences benefit the rest of Kurdistan.

In your earlier foreword, you alluded to the terrible conditions evident in Kurdistan in the 1990s. How does the KRG plan to improve living standards in Kurdistan, at a time when the population is increasing, the urban environment is expanding and expectations are being increased?

This is, of course, a critical question, especially when the KRG is so heavily dependent upon the revenue generated by hydrocarbons. We are well aware of the pitfalls of building an economy so dependent upon one source, and we need to do everything we can to embrace the benefits of this and nullify its problems. Firstly, we have to ensure that our people have satisfactory places in which to live. This sounds obvious, but when placed in the context of the destruction wrought on Kurdistan over the decades, the building of

new homes is of paramount importance. We simply need to ensure that the basic requirements to live a reasonable, honorable life are available to the citizens of the Region. Therefore, in the housing sector, the KRG has allocated an estimated \$170 million for the second phase of support for the Housing Fund—the purpose of which is to build 7,000 housing units across the Region in cooperation with investors.

It is also absolutely imperative that we improve public services in general. This is a major undertaking indeed. Kurdistan is no longer a largely rural society. Our cities are large, our towns numerous, yet the public services available within them are, at best, haphazard in their organization, and, at worst, non-existent. Since 1991, we have doubled the number of our hospitals to 50, and more than tripled the physicians we have to around 3,600 in many different specializations. We have built around 900km of roads and installed around 4,000 drinking water projects. In addition, we have constructed more than 6,800km of sewerage grids in all our cities and towns. This is impressive, but it is only a start. We have much to catch up on.

So, Prime Minister, when it comes to viewing Kurdistan's future, is the glass half-full or half-empty?

It is very much overflowing. I don't wish to sound overconfident, but there is little to suggest that Kurdistan's future should not be viewed in anything other than positive terms. I challenge detractors to point to any so-called problem that Kurdistan faces. They say Turkey opposes us, yet Turkey is one of our most prominent trade partners; they say Arab states oppose us, yet they are opening consulates in Erbil, and we receive the highest-level delegations regularly; they say Baghdad opposes us, yet the Kurds constitute one of the most influential blocs in the Council of Representatives, and we hold several prominent ministries, as well as the President of Iraq being none other than Jalal Talabani himself; they say our government needs reform, and we acknowledge this, but I challenge those who criticize us to point to any other state in the region that is doing more to eradicate corruption and improve efficiencies.

Kurdistan is here to stay. It is no anomaly waiting to be swept up by larger geopolitical currents. It has proved its durability over a trial lasting two decades, and we will prove our success over the forthcoming years. I urge you to join us in our journey forward. ■

A new beginning



David Romano, Professor of Middle East Politics at Missouri State University, shares his personal recollections of the Kurdistan Region's emergence between 1991 and 2003

When the 1990–91 Gulf War ended, Iraqi Kurdistan was a devastated region. If Kurdistan had suffered only from Baghdad's neglect in the preceding decades, as the south of Iraq did, the situation would not have been so dire. In addition to neglect, however, long years of severe repression devastated agriculture, civil society, infrastructure, local governing institutions, and the economic-social system in general.

Saddam Hussein's counter-insurgency campaigns of the 1970s and 1980s culminated in the Anfal genocide of 1987–88, when up to 200,000 Iraqi Kurds and some 4,000 of Kurdistan's villages were eliminated. During these years, the entire Region remained a closed military zone, preventing anyone from going to Kurdistan for investment, tourism or any purpose other than the incessant military campaigns.

In the spring of 1991, at the end of Operation Desert Storm, about half of Kurdistan's four million people took what belongings they could gather and fled Saddam's advancing army, threatening to overwhelm Turkey with an influx of refugees. The United States, Britain, and France responded with Operation Provide Comfort and a 'no-fly zone' in northern Iraq, denying Saddam the ability to continue controlling Iraqi Kurdistan and creating a safe haven to which the refugees could return. When Baghdad withdrew its civil and military personnel from the Kurdistan Region, they took all the apparatus of government with them—including supplies in various storage depots, water treatment chemicals, and even office materials and light bulbs in the various ministry buildings.

The Iraqi Kurds thus found themselves free for the first time at the end of 1991, but also suddenly thrust into the position of governing a ruined area the size of Switzerland, lacking the most basic necessities and full of the casualties of war—orphans, widows, the wounded—and destroyed livelihoods. The circumstances in which the Region emerged make its transformation in the subsequent years truly remarkable, and

Some 12 years of accidental autonomy in 1991 seem to have prepared Iraqi Kurds to weather the dangers and seize the opportunities of post-2003 Iraq



An excited group of students learn new media through the Tiziano Project, Salahaddin University



stand as a testament to what self-determination in the hands of good leaders can accomplish in even a short time. The first free and fair elections ever held in Iraq occurred in 1992, roughly splitting the vote between the Kurdistan Democratic Party (KDP) and Patriotic Union of Kurdistan (PUK).

When I first visited the Region in the summer of 1994, the few people entering from outside generally brought with them books (on any topic and in any language), medicine, and whatever consumer goods they could carry. Kurdistan remained subject to two sets of sanctions—the international sanctions imposed on Iraq, and Baghdad’s own sanctions imposed on the Kurdish autonomous area. With the little resources available, few links to the outside world (this was before widespread internet access), intermittent electricity, and an insecure and tenuous political status, I saw Iraqi Kurds busily rebuilding their society. I traveled with a Kurdish doctor to camps of people displaced by Saddam’s campaigns of the 1980s, watching with amazement as he treated patients with his very limited array of supplies. I witnessed civil society starting to emerge, with reopened universities, new newspapers, and professional associations sprouting up in Zakho, Duhok, Erbil, and Sulaimania. Kurdish engineers were using

explosives and mines left over from the Iran–Iraq war, as well as parts from cement and Coca-Cola factories, to dig new oil wells.

Self-rule under such circumstances was difficult, and there were problems and intra-Kurdish conflicts to be sure. Despite this, by the time I made my second visit to Kurdistan in September 2000, the Region’s progress seemed exponential. Although Kurdistan was subject to the same international sanctions as Saddam’s Iraq, there were no malnourished children as in the rest of the country. Instead, satellite dishes had sprung from seemingly every building, and internet cafés, new restaurants, stores selling mostly Turkish goods, and 4,000 rebuilt villages dotted the landscape.

This remarkable transformation occurred when Iraqi Kurds got the chance to run their own affairs after 1991. By 2003, Iraqi Kurds already enjoyed a good deal of experience governing themselves in difficult circumstances, and managing an increasingly vibrant economic, social, and political scene. During the subsequent year that I spent living and conducting research in the Region (2003–2004), I saw the pace of progress quicken even beyond that of 1991–2003. Some 12 years of accidental autonomy in 1991 seem to have prepared Iraqi Kurds to weather the dangers and seize the opportunities of post-2003 Iraq. They remain full of optimism. ■

A key player in building a modern, federal Iraq



An official closes a ballot box in Sulaimania at the end of voting in the 2010 parliamentary elections

The region has been important in steering the consolidation of the Iraqi state, writes Qubad Talabani, KRG representative in the US

The Kurdistan Region does not exist in a vacuum. It is part of the wider setting of Iraq and, as such, has been an important leader in the building of the new state, its economy, and new political structures. This relationship is symbiotic—it is difficult to imagine the Kurdistan Region being separate from Iraq, a federal Iraq, just as it is now just as hard to consider Iraq subjugating the Kurdistan Region in the grievous ways committed by pre-2003 governments. This relationship is now not one characterized by a ‘center’ and a ‘periphery’, or the Kurds being subordinate to the

greater power of the central state – far from it. The Constitution of 2005 is written in such a way that prohibits such a development occurring. It is one of partnership and mutual benefit, with progress in the Kurdistan Region—economically, politically, socially—having a positive impact upon the entirety of Iraq, and with the re-emergence and rehabilitation of the Iraqi state as a federal, democratizing, pluralistic state ultimately benefiting all Iraqis, including those in the Kurdistan Region.

The road to this point has not been easy, and there remain challenges ahead for Kurdistan and for Iraq. The Kurdistan Region, in 2003, had more than a decade of experience of existing autonomously from the rest of Iraq, being governed and administered by the Kurdistan Regional Government (KRG) since

the formation of the Kurdistan National Assembly (KNA) following multi-party elections in 1992. The decade after 1992 was not easy for Kurdistan—existing under UN sanctions imposed against Iraq, under the Ba’ath regime’s sanctions against the region, and having to face the constant interventions of neighboring powers. Yet the region slowly, but surely, stabilized. Its fledgling institutions matured and the wider Middle East region slowly began to accept this new entity as a new feature on the political map.

Internationally, the Kurds also began to grow in terms of their status and recognition, to the point whereby they became key agents in the removal of the dictatorship in 2003. With the fall of the government of Saddam Hussein, the Kurdistan Region emerged as an example of what a future Iraq could look like. Rather than declare independence, as many critics of Kurdistan believed would happen, the Kurdish leaders sought to use their experience of the 1990s, and became involved heavily in the project of building a new, federal Iraq.

This cornerstone of this project, and what sets the terms for the relationship between Kurdistan and Iraq, is the Constitution. For the first time in the history of Iraq, the Constitution of 2005 was drafted by representatives of every political community, with the experience of the Kurds being evident throughout. Unsurprisingly, the Constitution presents a framework for the structure of the state and its key institutions. Surprisingly, perhaps, for many is the fact that it openly presents a vision of Iraq quite different from anything that went before it, and significantly different from many states in the wider region. If the terms of the Constitution are followed, Iraq will be a federal, democratic, and pluralistic state in which the regions, including Kurdistan, have the responsibility to ensure their own development within the setting provided by the wider state of Iraq. These responsibilities include the management of natural resources; economic development; educational management; and the provision of general and public services. Also, in recognition of the devastation wrought upon all Iraqis by the effects of centralized power in Baghdad, the Kurdistan Region’s security will be managed by its own defense forces—yet still integrated within wider Iraqi power structures.

It would be a mistake, though, to believe that the Kurdistan leadership’s policy was to build a Constitution that allowed them simply to ‘hide’ the Kurdistan Region away in the north of Iraq, protected by the division of responsibilities laid out in the new framework. Rather, representatives of the Kurdistan Region have been key actors and agents of change in Baghdad. For the first time in the history of Iraq, a Kurd was elected President—a move that indicated beyond all doubt that Iraq had well and truly

changed. President Jalal Talabani remains in office until this day. Other prominent government positions have also been held by leading Kurdish figures, including Dr Barham Saleh as Deputy Prime Minister and Hoshiyar Zebari as Foreign Minister, and the impact of the Kurdish contingent’s role in the building of the new Iraqi state has been felt across the board.

There have, of course, been difficulties, tensions, setbacks, and problems. The situation is ‘democratizing’, after all, and the transition has often forced Iraqis—all Iraqis—to confront their own views, which have often been at odds, about how they see their country developing in the future. Iraq has had to face threats as serious as civil war, immense terrorism, regional intervention, and chronic economic hardship. Yet at no point since 2005 have any of these threats caused the collapse of the relationship between Baghdad and Erbil. Indeed, in 2011, with agreements being achieved regarding hydrocarbon development and with Kurdistan, as ever, placed in a position of prime responsibility in steering the consolidation of the Iraqi state itself, the future of Iraq, and the Kurdistan Region as a leading part of it, appear to be sound. ■



For the first time in Iraq’s history, a Kurd, President Jalal Talabani, was elected as head of state

Looking to the future

Gareth Stansfield, Professor of Middle East Politics at the University of Exeter, considers the challenges facing Kurdistan and the opportunities they present

My first experience of Kurdistan was in 1997. Back then, the impact of conflict, state oppression, ethnic cleansing, and the less immediate but still devastating legacy of decades of economic marginalization was clear for all to see. Existing under two sets of economic sanctions—one from the UN on the entirety of Iraq, and one from the Iraqi government against the Kurdistan Region—the land and its peoples seemed consigned to an existence of poverty, instability, and uncertainty. Indeed, it was not unusual to hear of the Kurdistan Region being described as a prison, both physically and mentally, such was its isolation from the rest of the world.

Times have changed, and the Region today is unrecognizable in comparison. The Kurdistan of 2011 is a very different place, and its people are also a world away from those fearful, traumatized, dispirited folk of a decade ago. The major cities of Kurdistan—Erbil, Sulaimania, and Dohuk—are good, if incomplete, metaphors symbolizing the transformations that have taken place.

These cities were once little more than provincial, poor towns with only a memory of previous grandeur, as evidenced by steadily crumbling ancient buildings, or monuments to heroes remembered through tales and songs passed down generation to generation. However, they have now become vibrant, forward-looking, cosmopolitan urban environments, with their places not only being measured in terms of their position in Kurdistan, or even Iraq, but the wider neighborhood of the Middle East.

While the ancient buildings remain as evidence of Kurdistan's rich multicultural heritage—and few are as impressive as the citadel of Erbil—they have been complemented by new additions to the urban environment, with new hotels, government buildings, and public developments being clear manifestations of the new vitality in Kurdish society. Citizens of Kurdistan, too, have become



Citizens of Kurdistan have become more confident, looking forward in ways that were simply impossible in previous decades



more confident, looking forward in ways that were simply impossible in previous decades. No longer do they live in fear of the Ba'ath regime and its security organizations, and they recognize that, while matters in Iraq remain difficult, the Kurdish position within it guarantees that it is virtually impossible for the previous terrible imposition of authoritarian rule to return.

This newfound freedom, coupled with an economy that has developed significantly since the fall of the dictatorship, has invigorated Kurdistan's society. Economically, the results of this revitalization are clear—Kurdistan looks and feels infinitely more developed, prosperous, and exciting than it did before—yet this invigoration can also be realized in other ways. Kurdish cultural activities are now blossoming, with new books, magazines, and

journals benefiting immeasurably from the expansion of internet provision across the region, in addition to the uncensored satellite media services that now cover all of Kurdistan.

Impressive though all this is, it is the outlook of the people that stands above all else. Even at the very worst times, the strength and resilience of Kurds, along with all Iraqis, was apparent to those who had the honor of working alongside them in the 1990s—a decade that, for many, is already beginning to be seen as distant history, such are the gains made in recent years. But the way in which the people of Kurdistan have not only adapted to their new, freer environment, but have embraced it and sought to exploit every opportunity to the full, is remarkable.

Of course, there remain challenges ahead. Kurdistan formally exists as a region of Iraq, but it needs its southern boundary clarified and agreed by a constitutionally mandated process. Furthermore, agreements need to be reached with Baghdad in order to fully realize the potential not only of Kurdistan's oil sector, but that of Iraq as a whole.

While it is right and proper to speak of Kurdistan's successes, it is necessary to point out the problems that still exist—high levels of poverty, education in need of significant improvement, the need to streamline government structures, and the provision of decent public services across the entire region, to name but a few—that have to be addressed in the years to come. Yet these challenges, particularly compared to the existential ones of the past, should be viewed as opportunities.

Many of these challenges and opportunities are outlined in the articles in this publication, by government officials and informed observers, with a candor that is striking and indicative of the KRG's desire to acknowledge where weaknesses exist, and their hope of developing partnerships to overcome them. With this approach in place, it will be fascinating to see Kurdistan in a further 10 years' time. ■

Kurdistan and its neighborhood

Michael M Gunter assesses the developing relationships between the Region and its near neighbors, as well as growing ties with the United States and Europe

The term 'Kurdistan' has historically referred to that area of the Middle East where Turkey, Iran, Iraq, and Syria converge, and within which Kurds live in the majority. Before the First World War, this region was largely divided between the Ottoman and Persian empires. This concept of Kurdistan, however, is not the entity with which this brief essay is concerned. Rather, 'Kurdistan' here refers only to that area of northern Iraq or Iraqi Kurdistan, which, since the fall of Saddam Hussein in 2003, has legally become recognized as the Kurdistan Region, governed by the elected Kurdistan Regional Government (KRG).

LOOKING FORWARD Never before have the Kurds been able to obtain a legally recognized entity of the stature of the KRG. Furthermore, Kurdistan stands out as an island of relative peace and prosperity in an Iraq still ablaze with violence and economic malaise. Yet Arab Iraq remains the KRG's partner in the project of building a democratic federal Iraq. As such, the relationship between Erbil and Baghdad since 2003, while at times tense, has always maintained a forward-looking attitude, recognizing that compromise and consensus are needed, and that Kurdistan's success is also Iraq's success.

Looking north, the relationship between the Kurdistan Region and Turkey has been transformed. Since the establishment of the Turkish Republic on 29 October 1923, the Kurds were viewed as an existential threat to the survival of the Turkish state. Thus, Turkey also took a leading role in suppressing any manifestation of Kurdish nationalism in any other bordering state. As recently as February 2008, the Turkish military launched attacks across its borders into Kurdistan in an attempt to eliminate the PKK.

CHANGING ATTITUDES This Turkish neighborhood problem for Kurdistan started to lessen only as economic ties between the two began to develop impressively after 2003. Then, even more recently, Turkey's new political foreign policy of zero problems with its neighbors led to its foreign minister, Ahmet Davutoglu,



expanding his country's strategic depth by visiting Kurdistan in October 2009. Turkey expanded this political rapprochement in March 2010 by opening a high-powered consulate in Erbil. Then, in June 2010, Masoud Barzani was invited to Turkey under his title of President of the Kurdistan Region. More recently, in March 2011, Prime Minister Recep Erdogan became the first Turkish premier to visit the Kurdistan Region of Iraq. Thus, Kurdistan's all-important Turkish neighbor to its north now presents a far friendlier outlook.

Kurdistan's other main neighbor, Iran, presents challenges and opportunities to the KRG. Kurdistan and Iran share a long history of cooperation, as illustrated when Iran threw open its borders for more than 1.5 million Iraqi Kurdish refugees fleeing Saddam Hussein's wrath, following the abortive Kurdish uprising in northern Iraq in April 1991. Since then, Erbil and Tehran have developed strong diplomatic and commercial links, with extensive trade being conducted across several sectors and significant Iranian commercial activity across Kurdistan.

GLOBAL OUTLOOK Finally, while not traditionally neighbors given the geographical distances separating them, the United States and the European Union have become virtual neighbors of Kurdistan due to globalization and their influence on the world.

Kurdistan stands out as an island of relative peace and prosperity in an Iraq still ablaze with violence and economic malaise



President Barzani has built relationships during meetings with world leaders and senior ministers, including (clockwise from top left) Palestinian President Mahmoud Abbas, US President Barack Obama, German Foreign Minister Frank-Walter Steinmeier and Turkish Foreign Minister Ahmet Davutoglu

This is especially true of the United States, given its all-important role in creating and supporting Kurdistan, evidenced by Kurdistan establishing a representative office in Washington, DC.

In addition, in January 2010, President Barzani visited the US capital. Also, in September 2010, Dr Fuad Hussein, Chief of Staff to President Barzani, and Falah Bakir, the Head of Kurdistan's Department of Foreign Relations, conducted a series of meetings with US government officials in both the executive and legislative

branches. Furthermore, Turkey's ongoing accession process with the European Union has already brought Europe literally up to the borders of Kurdistan.

To navigate these challenging neighborhood shoals demands astute diplomacy. To a large extent, Kurdistan has met this challenge by committing to a federal status within Iraq that is acceptable to its neighbors, while enjoying the opportunities, stability, and freedoms that the resulting autonomy has brought. ■

Transcending the politics of confrontation

Turkey's increased openness in its approach to relations with the Kurdistan Region has reaped strategic and economic benefits for both sides, writes Liam Anderson

On 11 March 2010, consul general Aydin Selcen arrived in Erbil to open the government of Turkey's new consulate in the Kurdistan Region. Barely three months later, Masoud Barzani embarked on his first official visit to Ankara as the Region's

recognized President. Although largely overlooked by the western media, these events are among the most geopolitically significant of Iraq's post-war era.

Most obviously, they represent tangible recognition on the part of the Turkish government that an autonomous Kurdistan Region is a permanent and legitimate fixture on the Iraqi political landscape that has, as one observer put it, "institutionalized itself". More broadly, these events were symptomatic of the tectonic shift



During his groundbreaking visit to Ankara in June 2010, Kurdistan Region President Masoud Barzani met with Turkish Foreign Minister Ahmet Davutoglu

The strengthening of relations between Ankara and Erbil yields significant economic benefits for both sides

in the relationship between Ankara and the KRG that has occurred over the last couple of years. A relationship once characterized by implacable hostility and punctuated by inflammatory rhetoric has been superseded by recognition of shared strategic interest and the realization that both sides are better off as allies than as enemies. Driving this transformation has been a fundamental recalculation on Ankara's part of its strategic and economic interests in Iraq and the region as a whole.

Domestically, the Turkish government's announced policy of "democratic opening" toward its own Kurdish population in August 2009 implied a recognition that there could be no purely military solution to Turkey's prickly problem with the PKK. In any negotiated solution, Iraq's Kurdish leaders are likely to play a key role. From a pragmatic perspective, meanwhile, the AKP relies heavily on Kurdish votes to sustain its dominant position in Turkish politics, providing another incentive for friendly relations with Erbil.

In terms of Ankara's efforts to exert influence within Iraq, a positive relationship with Iraqi Kurds also makes good strategic sense. The Turkish parliament's decision to deny the United States use of Turkish bases to launch the northern front of Operation Iraqi Freedom effectively marginalized Ankara from post-war political developments in Iraq. Devoid of any tangible influence over unfolding events in Iraq, it was reduced to issuing ominous threats from the sidelines, which it had neither the will nor the capacity to carry out.

With nothing to be gained from a policy of overt hostility toward the KRG, the Turkish government wisely switched course during 2008-09; thereafter, a more studied and statesmanlike approach to relations with the KRG has yielded major benefits for Turkey. The imminent departure of American troops, meanwhile, will create an "influence vacuum" in Iraq that regional powers, notably Iran, will compete to fill. Ankara's best hope of influencing events in Baghdad will be via good relations with Iraqi Kurds. Hence, for Ankara, the road to Baghdad runs through Erbil.

Finally, and most obviously, the strengthening of relations between Ankara and Erbil yields significant economic benefits for both sides. The numbers themselves are truly impressive: in 2009,



Turkish companies play a major role in Kurdistan's oil and gas sector

trade between the Kurdistan Region and Turkey reached an estimated \$8-9 billion in value; some 60 percent of the foreign companies operating in the Region are Turkish; and, perhaps, 80 per cent of goods consumed in the Region are of Turkish origin. These numbers look set to increase significantly if the government of Turkey and the Kurdistan Region succeed in establishing the envisaged free-trade zone across their common border.

There are even Turkish interests involved in the controversial oil and gas sector. For example, Genel Enerji owns 44 per cent of the Taq Taq oil field, while another Turkish company, Petoil, is in the process of pumping \$50 million into developing oil and gas in the Kurdistan Region. In the longer term, there are plans to link up Iraq's oil and gas reserves, via the Kurdistan Region, to the main Nabucco pipeline. This would make Turkey a major outlet for the export of Iraq's oil and gas to Europe, and provide strong incentives for all sides to maintain cordial relations.

Although there are clearly issues that have the capacity to disturb relations between Ankara and Erbil in the future, such as the continued presence of the PKK on Iraqi Kurdish territory and the fate of oil-rich disputed territories in northern Iraq, the deeper the relationship becomes, the easier it is to envisage such problems being dealt with in a spirit of mature consensus. Neither side has much to gain, and both have an awful lot to lose, from a return to the politics of confrontation. ■

Opportunity to forge firmer links



President of the Kurdistan Region Masoud Barzani (third from left), at a meeting with US President Barack Obama in the Oval Office, Washington DC, in January 2010

The already close relationship between the Kurdistan Region and the United States is set to become stronger, writes Qubad Talabani, KRG representative in the US

As the United States enters a new phase of its relationship with Iraq, it should be enormously proud of how far the country as a whole, and the Kurdistan Region specifically, has come. The US should be equally excited about the progress we are striving to make. The Kurdistan Region of Iraq is, in many ways, a success story. Thanks to the sacrifices and valor of US and coalition troops, it became a source of stability, tolerance, growth, safety and peace in Iraq. Today, the Kurdistan Region and the US are proven allies, with shared interests as well as shared values.

In January 2010, President of the Kurdistan Region Masoud Barzani met with US President Obama in the Oval Office. During this meeting, President Obama reiterated US support for the Iraqi Constitution and the democratic process in Iraq, stressing that the US would remain strongly committed to the security and prosperity of the Kurdistan Region within a federal Iraq.

Further, as a symbol of continued friendship and cooperation between the US and the Kurdistan Region of Iraq, Congressmen Lincoln Davis (Democrat – Tennessee) and Joe Wilson (Republican – South Carolina) formally created a Kurdish American Congressional Caucus within the US House of Representatives, aimed at strengthening America's ties with the Kurdistan Region.

Moreover, the continuous US-KRG dialogue reflects shared values. One of the many symbols of the KRG's commitment to development of the Region on the American model is its creation of the American University of Iraq in Sulaimani (AUI-S). Founded in 2006 and committed to providing an American-style liberal arts education at both undergraduate and graduate level for Iraqi students, AUI-S has been fully accredited by the American Academy for Liberal Education.

With our bustling economy, our continued democratization and the strengthening of our judiciary, we must take time to remember and acknowledge the enormous sacrifice of the US and the American people in its efforts to liberate Iraq. Without this sacrifice, for which Kurds will forever remain grateful, we would not be witnessing our tremendous growth.

Today, we in the Kurdistan Region are the strongest friend and ally that the US has in our part of the world. Our home is the place with the most progressive press law in the region; the place with a higher percentage of women in our legislature than most of the nations in the world; the place where Christians and others fleeing religious persecution from elsewhere in Iraq come to find sanctuary and a future.

The Kurdistan Region is also the place where those seeking to invest – from some of our newest friends such as

the Koreans to neighbors such as Turkey – find our new economy vibrant, promising and full of opportunity. We hope that this enthusiasm will spread to the US private sector, as the opportunities are plentiful.

Our story from the Kurdistan Region has been uplifting, but there is more to come. Our policy to become a major producer and supplier of power strengthens our standing in Iraq and beyond. Our focus on investing in our future by appropriating \$100 million on sending students abroad for Masters and Doctorate qualifications underscores our forward-thinking approach. We understand that greater political, democratic and economic reforms are necessary. We are working on them, and we are on the right path.

As the US continues drawing down its military forces in Iraq, the KRG looks forward to increased diplomatic and economic relations between the US, Iraq and the Kurdistan Region. Moreover, the KRG welcomes the US Department of State's decision to establish a diplomatic consulate in Erbil to solidify US-KRG mutual strategic, business and cultural interests. This consulate, coupled with our representation in the US, will serve not only as a symbol of the unbreakable bonds between the US and the Kurdistan Region, but also as a bridge to help strengthen ties in the future. ■



US Secretary of State Hillary Clinton meeting KRG President Masoud Barzani at the State Department, Washington DC, during his visit in January 2010

A successful exercise in community policing



Karim Sinjari, KRG Minister of the Interior, highlights the improvement in the Region's security and explains ongoing developments in law enforcement

The Interior Ministry—in cooperation with the *Asaish* (security force) and intelligence apparatus—of the Kurdistan Regional Government (KRG) has primary responsibility for internal security throughout the Region. This is a constitutional authority and responsibility guaranteed by the Iraqi Constitution—recognition of the fact that we have had responsibility for our own security ever since 1991, when the former Ba'athist regime withdrew all its apparatus of government administration. We have taken this responsibility very seriously ever since then.

We have been fortunate that, since our liberation in 2003, we have obtained improvements for our security forces in terms of training and equipment from our friends in the coalition forces. We have also been fortunate that our own budgetary situation has been more reliable and we have been able to obtain some resources on our own.

But we have also been victims of our own success. Some of our friends in the coalition assume that we have no needs within our security apparatus, and believe that all or most of the security resources coming to Iraq must go to other parts of the country. However, they do not realize that the security we enjoy in Kurdistan is a delicate balance.

Make no mistake, we do have threats against our security within Kurdistan. We have been very fortunate that we have had a small number of terrorist attacks against our people—fewer than in some areas of Europe or the West. However, one attack is an attack too many. Because we are a plural and democratic society that has been supportive of our friends in the coalition, we find that the extremists bring their doctrine of hate and destruction to us. We also have an international border that shares its vast expanse with three of our neighboring countries, this in a part of the world

where the vast and porous borders are sometimes used by those intent on causing instability. Due to all these factors, our vigilance must be constant.

Most of what we have achieved within Kurdistan has been built upon a foundation of dedicated, resourceful and loyal service from the men and women of our security services. They provide security without all of the benefits of equipment and technology that other professionals around the modern world enjoy.

It is also important to recognize why we have had to rely solely on the valuable human resources we possess within Kurdistan. From 1991 to 2003, we were living under a situation of double sanctions—those sanctions imposed directly by Saddam Hussein, and indirectly by the world community, as they monitored their sanctions against Saddam’s regime. Due to those sanctions, the United Nations’ Oil for Food Program could provide us with nothing to help in protecting our internal security.

Today, we are intent on further developing our array of police forces into a modern, professional body of security forces. Our law-enforcement community consists of our general police force that handles standard criminal matters, as well as an array of specialist police forces.

It is the *Asaish* (which literally means “security” in English) that shoulders the main load in our fight against terrorism. It is this force that is responsible for counter-terrorism, counter-espionage and counter-narcotics operations. They have proven time and



Our citizens know that the security forces are there for their protection

again that they well understand the threats we face, and are always seeking new ways to combat them, often preventing terrorist activities before they can happen.

One of the reasons why our security forces are so successful is their close relationship with the citizens of the Kurdistan Region. Whereas people once feared the security forces, today our citizens know they are there for their protection and are not afraid to cooperate with them.

Regarding more conventional crime, I am happy to say that our crime rates are very low, especially compared with any other major urban area of the world. We do have some instances of theft and burglary, and some violent crime as well. However, almost all the violent crime is what I would call social in nature, in that the perpetrators know each other and the incidents are often between, or within, families.

In spite of all of these challenges, we are dedicated to protecting Kurdistan while operating within the law. It has been a key principle of the Kurdistan Regional Government to ensure that our security forces understand and respect the principles of human rights, and to become guardians of a democratic lifestyle, civil society and, in particular, women’s rights.

In outlining our security situation, it is important to understand that Iraqi Kurdistan is very different from the rest of Iraq. Certainly there has been improvement in the south of Iraq, but we have enjoyed a headstart in stability. Our people are optimistic as they see new development and construction going on around them and a government working to improve services and quality of life.

Many investors and developers in the international business community also see reasons for optimism and are looking to Kurdistan as their gateway to the rest of Iraq, as they can safely establish headquarters here. They will then be poised to take advantage of our location as the security environment continues to improve further in the rest of Iraq. ■

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A GARDA COMPANY.



Oliver Westmacott is president of GardaWorld, Garda's (TSX:GW) Global Risk Consulting Group.

How long has GardaWorld had an interest in Kurdistan?

Gardaworld is extremely proud to have been the first international security provider to focus on the Kurdistan Region, with dedicated operations starting in 2003. We focused on building a business using Kurdish personnel, primarily with expatriates purely in training and management functions. The intention to be the first security provider in the Kurdistan Regional Government (KRG) to focus on the oil and gas sector came to fruition in 2005 with the commencement of seismic operations on the Taq Taq concession. Today, 95 percent of our personnel are Kurds, many of whom have been with our company for more than five years.

Initially, our business focused on providing security for telecommunications and electrical power-line infrastructure projects, which progressed to providing cover for more than 3,000 sq km of oil and gas exploration acreage, and low-profile Kurdish-led executive protection for over 20 clients. Working with our clients on Corporate Social Responsibility programmes is also a growing area for us. We provide increasing amounts of remote

primary-care medical support to rural communities within oil and gas concession areas, with which we actively engage to determine ways our clients can assist – from building schools to providing electricity, or drilling wells.

What is the security situation like on the ground?

Security in the Kurdistan Region remains very stable. Since establishing operations in the Region in 2003, there has not been a single terrorist incident targeting foreigners, and there has not been a significant successful attack in the Region in more than two years. The current economic boom is bringing with it ever-increasing numbers of foreign workers and large-scale commercial tourism, and retail projects are now commonplace.

What are your guiding principles?

To provide as high a quality service to international best practice standards using as great a proportion of Kurdish people as possible, to invest heavily in training, internal career progression, and paying competitive salaries. As a global publicly listed company, we are



bound to the highest ethical standards and are able to leverage our international experience. As a major security services operator in the Region, we consider ourselves to be unique in this respect.

What does the future hold for the Kurdistan Region?

The KRG is clearly leading the way in Iraq by ensuring an environment that is extremely appealing to both domestic and foreign investors, with its huge opportunities in a variety of business sectors, particularly agriculture, tourism and oil and gas. I am extremely excited by the economic, political and social progress that is being made in the Region. With the eagerly anticipated resolution of the Oil Law, which will clarify the economic future of the Region, Kurdistan promises to be one of the most exciting regions of the Middle East in the coming years.



A safer environment for investment

An interview with Masrour Barzani, Head of the Kurdistan Region's Security Protection Agency

Can you outline the improvements made in the security situation in the Kurdistan Region in recent years?

The Kurdistan Region has been relatively safe in past years, but no one can guarantee absolute security anywhere in the world. The economic boom, the presence and investments of the thousands of foreign companies, the establishment of diplomatic missions, particularly in Erbil, and, of course, zero foreign victims are the benchmarks of a safe and stable situation.

Why is security good in the Kurdistan Region?

There are many reasons. To mention just a few: the dedication of our officers and personnel who tirelessly devote themselves to protect lives, the trust that our people have in our security forces, and their continuous relationship of providing and passing information on suspicious activities. The Kurds are generally tolerant people who reject extremism. Different religions, sects, and nationalities live side by side all over Kurdistan. This reality has left little room for extremism and radicalism to grow in our Region.

What security services protect the Kurdistan Region? How are they legally mandated?

According to the Iraqi Constitution Article 121, the KRG is responsible for the security of Kurdistan. Here in the Kurdistan Region, according to Parliament Decree no. 46 of November 20 2004, the Kurdistan Region Security Protection Agency was



Masrour Barzani, Head of the Kurdistan Region Security Protection Agency

established to lead, coordinate, and protect the security situation in Kurdistan—against terrorism, organized crimes, and other sources of threats to the Region. The Ministry of the Interior, and the Special Units of Peshmerga Forces within the Jurisdiction of Ministry of Peshmerga, are also part of these efforts. In 2006, our Parliament passed a counter-terrorism law to identify the legal procedures for counter-terrorism cases in the Kurdistan Region; our security organization has been working according to this law.

The term 'Asaish' is mentioned often in the press. What is it?

'Asaish' is the Kurdish name for security. The General Directorate of Security in our agency is mainly responsible for counter-terrorism, counter-narcotics and counter-organized crime. It is important to note that the Asaish has no political-party affiliation at all. It is an organization of the KRG.

How effective is KRG intelligence in countering terrorist threats?

Our organization has spared no efforts to make sure that we protect the lives of our people and provide a safe and permissive environment: an environment for stability and more economic growth. Our policy is to eliminate any kind of terror, but, understanding that there is no absolute security, we spare no effort to minimize the activities and impact of such groups.

It must be said that our coordination with other relevant counterparts has helped us to dismantle, disrupt, and bring to justice more than a few dozen terrorist groups and their leaders, and to save many lives over the past few years. We have managed to prevent many catastrophic attacks that were planned by suicide bombers and other, sophisticated means.



Female future members of the security forces stand to attention during training at the Police Academy in Erbil

Is there a problem with criminality in the KRG? How is this countered? What plans have been put into effect to ensure that the police and judiciary are now fit for purpose?

Tackling criminality is under the jurisdiction of the Ministry of the Interior. Since its establishment, the KRG has always insisted on the independence of the judicial system, and ensured the professionalism of Region's police forces. We can proudly say that our judicial system and our courts are functioning according to the provisions of the legal system with all the independence they need, without any intervention from any other powers. As for the police forces in the Region, their training is managed by our Police Academy, which was established in 1997. It has been very effective in professionalizing our police system and improving our capacity.

How can foreign investment improve the security of the Region?

A good economy and a higher standard of living contribute to lessening the opportunities for terrorists. Foreign investment will have an outstanding input: to create job opportunities for our young generation, strengthen our infrastructure, upgrade skills, and integrate the Region's economy with the rest of the world.

Explain why, from a security perspective, investing in Kurdistan should be seen as a safe action to take.

Since May 9 2007, there have been zero terrorist incidents. The public's support for the security apparatus, the people's demand for further development, and the professionalism of our security organizations have allowed a friendly environment for investment.

What are the challenges facing the KRG in the years ahead?

Combating terrorism is our main challenge. As we continue to improve and develop, we will be faced with more challenges. Political, economic and social challenges will still be there. The outstanding issues between Baghdad and Erbil, if not resolved, could develop into more serious problems.

Our government will need to tackle corruption more effectively, and to move beyond political statements.

Civil liberties are very important in any democratic country. Law and justice must be fully enforced. As we must do more to protect all rights for our people, our government must work harder to protect and defend the rights of women, and grant them more equal opportunities in the society. ■

Prosperity and security

An interview with former KRG Prime Minister Nechirvan Barzani, who outlines Kurdistan's progress so far and his hopes for the Region's future

In the last several years the Kurdistan Region has developed at a remarkable pace. Can you comment on this achievement by outlining your vision as the Prime Minister of the previous cabinet, particularly with respect to economic advancement?

The first thing to bear in mind is that the citizens of the Kurdistan Region have been the engine of this process. When I assumed office, there were a number of specific economic benchmarks that I believed would create a framework for steady development. First and foremost, we had to impress upon the people and government officials that the private sector, and not the KRG, must be the driving force behind commercial growth.

The KRG has had a lynchpin role to play in two essential aspects: improvements to infrastructure and better delivery of basic services. No economy can function if the roads are in poor condition, if electricity is in short supply, or if the legal architecture to protect investment and business contracts is absent. I would like to commend the officials of each governorate for their contributions in implementing a number of strategic projects that have reshaped the Region.

Can you describe in detail how your cabinet implemented these goals? Which aspects of development have been most important?

Our economic development has been impressive in a number of sectors. During my term as Prime Minister I was proud to roll out a



Former KRG Prime Minister Nechirvan Barzani

five-year plan to revitalize the agricultural industry, a strategically important sector with vast potential and an important source of labor. Our retail and hospitality industry has experienced tremendous growth. But the developments in oil exploration and the use of oil and gas to power our electricity grid were, perhaps, the most important steps forward.

It is important to recall that absolutely none of our success would have been possible without security. The people and the government of the Kurdistan Region owe an enormous debt of gratitude to our security personnel. Without their hard work and determination we would not be where we are now.

How do you perceive the Kurdistan Region as a regional economic player? How is the Region interacting, cooperating, and competing in the Middle East?

The Kurdistan Region is a federal entity of Iraq with a great deal of autonomy. As in other federal systems, the federal authorities of Iraq set monetary, defense, and foreign affairs policy. At the same time, the Constitution rightly grants Regions and governorates the freedom to move forward with economic initiatives, and is designed to ensure that all Iraqis move forward together. This is of special significance with respect to oil and gas.

The KRG has created its policies bearing this in mind. Beyond simply a gateway to Iraq, the Kurdistan Region has become a base of operations for many firms and organizations, ready to expand into Iraq when the time comes. In addition, the Kurdistan Region is well placed to serve as a bridge between the Gulf and Europe.



Oil and gas continue to be major drivers of economic growth in the Kurdistan Region

Is it accurate to describe economic interaction as essential to your relationships with neighbors and the international community?

Certainly. Our relationships with members of the international community have been based largely on mutually beneficial economic partnerships. I am very proud of what we achieved during the previous administration. Of special significance has been the growth of genuine friendship between our Region and Turkey.

The KRG has made a concerted effort to reach out to the Arab world. It is fulfilling that we finally have Arab countries with diplomatic representation in the Kurdistan Region. Like Turkey, Iran is an important regional state and we have done our best to promote trade and economic cooperation and to facilitate peaceful and good neighborly relations. Largely attracted by forward-looking legislation, a number of nations from Europe and beyond have increased their presence.

How do you view the past and future of the Region? What are the greatest obstacles and opportunities that lie ahead?

When I was young, we could only dream of living in safety and peace. Prosperity is important, but it is security that is the foundation for all that we have achieved. The new generation will not recall life under the Ba'ath regime, and they wish to live as their peers in the developed world. The Kurdistan Region will have to adapt to new circumstances.

We certainly have a number of challenges to face in the years to come. Based on my experience, though, I remain thoroughly optimistic. Years from now, I believe the Kurdistan Region of Iraq will be a hotbed of economic activity and, perhaps, even a regional hub.

We possess all the attractive traits of an emerging market, and international investors and companies are encouraged to explore opportunities. The time to invest in the future is now. ■

Planning a vibrant, sustainable economy

An interview with Dr Ali Sindi, Minister of Planning in the Kurdistan Regional Government

Please explain the mandate of the Ministry of Planning; what are its objectives and how do you plan to achieve these?

The Ministry of Planning was established by the KRG in 2006, according to Parliament Law number 7. The Ministry is responsible for the development of strategic plans and long-term objectives to help improve the Kurdistan Region. Such responsibilities include the preparation of the annual investment budget, gathering data and statistics for the Region through surveys and censuses, and the development of quality-control standards for food and materials (in coordination with the central government in Baghdad).

The Ministry of Planning is also considered as the branch of the KRG that specifically deals with the donor community and international organisations, such as the United Nations organisations, the World Bank, and USAID, when coordinating development projects and addressing non-political issues.

Considering the areas of activity in which the Ministry of Planning has involvement, where are there significant opportunities for foreign investors to become involved in the Kurdistan Region?

The privatisation process, which was engineered by former Prime Minister Nechirvan Barzani, has proven to be a great success story. Foreign investment within the electricity sector now means that there is a huge difference between the status of electricity provision in Kurdistan and the rest of Iraq. By solving such a major problem in this way, we have gained valuable experience and are now expanding to other sectors within the Region.

According to our statistics, there is currently a need for 135,000 housing units across the Kurdistan Region. This is where investors and the private sector can play an important role. Not



The construction sector holds potential for foreign investors

only does the housing sector provide a significant opportunity for foreign investment, but it also ensures a return on investment since the KRG has established the housing fund which, last year, specifically allocated \$200 million to be spent in such a way that guaranteed a profit for the investors.

The Kurdistan Region expands across 80,000 sq km and, despite its vast urban and rural areas, there is not one single highway [of an international standard]. Therefore, the road construction sector is another area that provides significant investment prospects since it has yet to be reached by the private sector in terms of operation, construction and maintenance.

In the health sector, we believe there are good opportunities because of a rise in the standard of living and an increase in income; people are now looking for a better quality of service, often travelling to Jordan, Iran and Turkey to seek medical care. However,

with the government's bureaucracy as it currently stands, there are some limitations to the improvement of quality or expansion of coverage, particularly with specialties and new techniques. These limitations have led to a review of the health system in Kurdistan and have, subsequently, opened doors for foreign investors and the private sector; for example, health insurance companies.

With the massive expansion of Erbil, Sulaimania and Dohuk, can you reflect on the level of planning that is going in to expanding these cities?

When it comes to planning, things are happening at different levels. At the level of the KRG, we are preparing annual plans in addition to long-term plans. When you refer individually to Erbil, Sulaimania and Dohuk, each of them has a master plan that has been developed over the last three years. For the first time in Kurdistan's history, these big cities are now expanding in a more organised way, rather than a chaotic way like in the 1990s, and before. Moreover, the layers and dimensions of this expansion are now surpassing the urban areas; funds have been allocated within the investment budget to enable governorates to develop master plans for the towns as well, focusing on districts and some sub-districts.

This Ministry of Planning seems very well placed to combat the problems of corruption that existed within the KRG. Can you reflect on the improved vision of the KRG and explain why investors should consider the Kurdistan Region a safe place to invest?

Investors should be interested in Kurdistan and feel confident that their money will be invested wisely. Until four years ago, the KRG had no involvement with investors and the deals that were established. However, this is a very different story today; we now have regulations in place, such as the Investment Law, which guarantee total protection for the investor.

In terms of vision, the KRG is constantly striving to improve the public and private sectors of the Region. Since 2007, the KRG has accepted help from international organisations such as PwC (PricewaterhouseCoopers), KPMG and the UK's National School of Government in order to improve the quality assurance of the KRG's performance in the various sectors—a change that we can definitely feel is happening for the better. The growth in Kurdistan will be very fast over the next few years and as a direct result, we will continue to look to the international community, such as foreign investors, for help and assistance in order to make the most of the opportunities that will arise. ■



The population of Erbil is experiencing the benefits of increasing foreign investment in Kurdistan with the growth of leisure facilities across the city

The world's economic struggles in recent years do not seem to have affected Iraq as much as the political volatility that has held back its economy and the rebuilding of the country



Having been present in the Iraqi real-estate market for a decade, ATCONZ has accumulated a good understanding of how the 'big machine' works, and has considered where, when and how to start rebuilding Iraq. We found the answers in 2005, when we engaged in a Kurdistan-Iraq market survey, which resulted in a \$100 million housing project north of Erbil. The project is expected to be completed at the end of 2012.

In total, 263 all-sector licenses were awarded by BOI in the Kurdistan Region between August 2006 and August 2010, of which 78 were allocated to housing projects, with investments of \$5.807 billion – 42.19 percent of the \$13.766 billion total capital invested through all 263 licenses.

Common opinion is that joint-venture (JV) investment allows for a truly beneficial investment partnership, with the transfer of education, management skills and professional workmanship. However, statistics show that this type of investment represents only 4.83 percent of the capital invested and, collectively, the foreign and JV investments represent only

14 percent of total projects. Perhaps this is why economic development is moving at such a slow pace.

In our opinion, unless these figures reach thresholds of 30 to 40 percent in the medium to long term, Kurdistan-Iraq will not see serious economic development. There are many opportunities for foreign investors to enrich the local economy and create the solid foundation for future growth and prosperity.

According to a UN report, the growth rate of the population 2007 was 8.1 percent, which is considered very high. Twenty thousand new units were needed yearly in Erbil alone from 2007 onwards, and the KRG has started to implement housing programs such as the Housing Fund, which targets the low-income population.

We have identified the following major challenges in the housing sector:

- Underdeveloped infrastructure services
- The high cost of building materials
- Lack of finance or high interest rates
- Lack of foreign investment

- No stringent quality assurance/control by authorities to enforce accepted international or local standards
- Cultural factors

Using our experience as investors, developers, contractors and traders, we can carry out multiple projects in the KRG and the rest of Iraq. We believe that the challenges facing the housing sector can be addressed by implementing a special program involving a pragmatic partnership between three parties: government; financial organizations, and developers.

We know that the government is willing to assign free lands for housing projects and, as an oil-rich state, can afford to subsidize mortgage interest rates. It could also offer state guarantees to financial organizations, making it possible for experienced developers to start work immediately on the development of Iraq's infrastructure and the completion of integrated projects, in compliance with local and international standards. Such a program will be successful if it is implemented by a strong government.

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Type of investment	Number of projects	% by type	% in capital \$ Volume
National	226	86	68.7
Foreign*	20	7.6	26.42
Joint Venture**	17	6.4	4.83

*Only 11 foreign investment countries listed. In our observation, the UAE and Kingdom of Saudi Arabia, Iran, Japan, China, India, Australia, Italy are not included on that list.

** From the KRG BOI data, UAE joint venture with Iraqi companies. Total investment is \$11.55 million, Iran \$1.85 million and some major countries are non-existing.

Boosting exports to balance trade

An interview with Sinan Chalabi, Minister of Trade and Industry in the Kurdistan Regional Government

Minister, please provide an overview of the current status of industry in Kurdistan, and the strategy for promoting trade within the Region.

I have been Minister of Trade and Industry since the establishment of the sixth cabinet of the KRG in October 2009. From the first day of my appointment, it was clear that the economic characteristics of the Kurdistan Region had changed dramatically since 2003. The old system, dominated by social ties, had been replaced by an open-market system, in order to integrate Kurdistan with the rest of the world. Factories that had formerly belonged to the KRG were sold to the private sector, with the intention that they must take the lead.

With regard to promoting trade, we are importing approximately 90 percent of goods from outside—food, manufactured goods, and so on—and have been able to do so as a direct result of the huge revenue we receive from our oil trade. However, to strengthen the Region's development, we need to achieve a balance between the goods we are importing and exporting, the latter being an area that needs attention. Of course, an important step is to attract investors so that we can benefit from the knowledge and expertise that they can offer in this area.

You mentioned that the vision of the Ministry and the KRG is to have an economy that is led by the private sector, but with the KRG's support. In addition to the laws that have been passed, please explain how this support works.

The KRG is dedicated to establishing an attractive environment for local and foreign investment; the Region benefits from a high level of security, offering a comfortable and stable setting within which the Region's economic development can be encouraged. However,

we are fully aware that we cannot resolve our issues overnight. This is a gradual process that must be approached step by step.

We are working on establishing the Anti-Monopoly Law, the Competition Law and the Consumer Protection Law, with the intention of strengthening and increasing trade. We believe that investments from the private sector should become one of the main pillars of our economy, and are therefore committed to offering a safe and protective environment for foreign investment to develop in Kurdistan.

It is fair to say that the various sectors of industry within the Region are underdeveloped, presenting significant opportunities for investment. What do you think potential investors should be looking at, specifically?

Kurdistan has suffered from decades of underinvestment. Previously, only projects and investments that were beneficial for the rest of Iraq were implemented in the north: for example, dams were constructed in order for the rest of Iraq to control the water levels and to generate electricity.

However, no consideration was given to the agricultural aspect of the Region. Therefore, Kurdistan is now experiencing great failings within this sector of industry, which clearly presents a significant opportunity in the future.

Kurdistan is in an interesting geoeconomic position, often described as weak because it is landlocked, yet a pivotal Region among many different states. Trade is a very important part of that pivotal aspect. How significant is trade between Kurdistan and the wider Middle East?

We have trade with Iran, Lebanon and the UAE. However, the greatest trade we have is with Turkey, owing to its high-quality

Further investment in industry will be needed to increase Kurdistan's exports



products and the improvement of our political relationship with it. Of the 1,170 foreign companies currently registered under the Investment Law, approximately 60 percent are Turkish.

Furthermore, Iraq has signed a total of 48 protocols with Turkey and is planning to construct two extra bridges over the Khabour River in anticipation of the huge increase of trade through the Ibrahim Khalil land port. The completion of the highway from Mersin to Zakho will also facilitate and encourage trade between these two countries.

Between May 2009 and May 2010, 1,444 new companies were registered with the KRG, a rise of almost 14 percent in one year. Of these, 105 were foreign companies. This increase emphasises the demand for investment and business within the Kurdistan Region.

What would you say to potential investors in order to encourage them to come to the Kurdistan Region?

Many people are under the impression that it takes a brave person to come from a foreign country and invest here in Kurdistan, but I disagree. Before I became minister and was in the private sector, I invested more than \$40 million from Turkey as a foreign investor to build an International Baccalaureate school in Erbil.

I recognize the Region as a safe haven for my investment: near-perfect security, fertile land, and an attractive business environment to enhance economic development. I'd encourage anyone who is thinking of investing to come and see for themselves what this Region has to offer – they won't be disappointed. ■

Encouraging investment



The Tarin Hill development, which covers 4.8 sq km and is situated 18km from Erbil, is a self-contained community that represents a prime example of investment opportunities in property and construction

Professor Gareth Stansfield interviews Herish Muharam, Chairman of the Board of Investment for Kurdistan

How is trade and investment being encouraged, and what has been done to facilitate investment initiatives in Kurdistan?

We are keen as a Board to create opportunities for investment and, through enacted legislation, we now have a legal framework and institutionalized investment activities. It is clear not only to me, but to outsiders as well, that the Board of Investment in particular and the KRG in general are moving in two directions: one direction is to

mobilize the institutions so that they can absorb investment by relieving pressure on the potential investors, the other is by initiating activity under the Investment Law.

Can you explain the terms of the Investment Law and, particularly, whether local ownership is needed of companies' investments, as well as the environment that it creates to encourage investment?

The Investment Law was designed four years ago by the Board of Investment to give potential investors an incentive to come to Kurdistan. It offers foreigners, regardless of nationality and

The intention behind our investment strategies is to work in collaboration with investors to improve Kurdistan

religion, an equal opportunity they may not get elsewhere by promising freehold ownership of property and protection from compulsory partnership. Those involved with the passing of this Law carefully considered the environment of Kurdistan and the climate in which any potential investment will take place, as the aim is not only to generate money for Kurdistan's economy, but also to bring knowledge and experience to the Region.

Furthermore, the Board of Investment has taken steps to improve on the opportunities we present by holding discussions with our partners, attending conferences and through matchmaking exercises with our counterparts in other countries. We provide an entire support package, from the moment an investment proposal is submitted to the Board, right through to the monitoring and supervising of a project once it has been licensed.

Can you quantify the amount of investment in the Kurdistan Region?

Currently, there are 290 active projects, generating almost \$14 billion of investment. This consists of 25 percent foreign direct investment, five to seven percent for joint ventures (mixed domestic and foreign investments), and the rest coming from investors within Kurdistan. From this, almost \$3.5 billion worth of projects have been completed. Foreign direct investment is mostly from Arab countries, particularly the UAE and Lebanon, then Europe and the US.

What makes Kurdistan an attractive investment proposition?

The Kurdistan Region is a part of a very rich country, but the rest of Iraq is not quite ready to accept investment. The KRG therefore envisaged Kurdistan being a gateway to the rest of Iraq. This concept offers an attractive investment opportunity, but Kurdistan itself is also attractive. The KRG has a legal framework that gives full protection while being open-minded and fully flexible when dealing with potential investors. Moreover, the KRG's willingness to acknowledge and fight corruption within the Region is another attractive quality.

What opportunities are arising that illustrate to potential investors why Kurdistan is an exciting place to be over the next five years?

So far, we have been trying to use the legal framework we have implemented to overcome social problems, such as housing. The Board of Investment has developed an initiative to support low-income families in owning a house, dramatically improving the lifestyles of communities. Another sector in which we have made improvements is that of power and electricity. This illustrates how Kurdistan has successfully turned its shortcomings into opportunities for foreign investment.

Moreover, I can easily separate Kurdistan's investment activities into two categories; investment projects with quick returns, such as the building of houses, and long-term investments, such as the building of five-star hotels. These long-term opportunities help to promote the region of Kurdistan by making it an attractive place to visit and, ultimately, invest in.

Agriculture is an area that desperately needs to be developed. The Board of Investment is currently working in collaboration with community-based organisations to support farmers in going back to their villages, introducing them to the investors who have purchased the land and encouraging them to work as farmers for them. The result is that farmers earn a better wage and achieve a better standard of living while increasing the level of productivity within the Region.

Any final thoughts?

Kurdistan should be considered as a model for how countries should be 'living together' in the Middle East. There are many aspects that are developing quicker than was to be expected, such as democracy, which helps our government to operate in a more effective way. Currently, a large proportion of the region's natural resources is not being utilized to best advantage and we are keen to develop strategies to overcome this. The intention is to work in collaboration with investors to improve Kurdistan, and we will do this by sending out the real message rather than a misleading one. ■



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SAUDI MEDICARE, DENTISTRY & EYE CARE
10 - 13 APRIL

GITEX SAUDI ARABIA & COMPUTER SHOPPER
16 - 19 MAY

SAUDI COMMUNICATIONS
16 - 19 MAY

SAUDI ELENEX, LUMINEX, AIRCON & WATERTECH
29 MAY - 1 JUNE

SAUDI BUILD - THE PMV SERIES
29 MAY - 1 JUNE

SAUDI AGRICULTURE & AGRO-FOOD
19 - 22 SEPTEMBER

SAUDI BUILD & SAUDI STONE-TECH
16 - 19 OCTOBER

SAUDI PRINT, PACK & PLAS
28 NOVEMBER - 1 DECEMBER

SAUDI SIGN & GRAPHIC
28 NOVEMBER - 1 DECEMBER

MAKINAT SAUDI ARABIA
28 NOVEMBER - 1 DECEMBER

RIYADH MOTOR SHOW & SAUDI AUTOSHOP
11 - 15 DECEMBER

Beirut - Lebanon



BEIRUT BOAT
18 - 22 MAY

PROJECT LEBANON
31 MAY - 3 JUNE

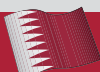
ENERGY LEBANON
31 MAY - 3 JUNE

OUTDOOR LEBANON
22 - 26 JUNE

ARAB REGULATORS AND INSURERS FORUM
17 - 18 OCTOBER

MAKINAT LEBANON
6 - 9 DECEMBER

Doha - Qatar



PROJECT QATAR
2 - 5 MAY

ELENEX QATAR
2 - 5 MAY

MAKINAT QATAR
2 - 5 MAY

HEAVY MAX
2 - 5 MAY

QITCOM
24 - 26 MAY

DIYAFA
22 - 24 NOVEMBER

Kuwait City Kuwait



GCC POWER
20 - 24 NOVEMBER

Amman - Jordan



PROJECT JORDAN
9 - 12 MAY

ELENEX JORDAN
9 - 12 MAY

JOB FAIR
21 - 23 JUNE

Erbil - Iraq



PROJECT IRAQ
19 - 22 SEPTEMBER

PMV IRAQ
19 - 22 SEPTEMBER

ELENEX IRAQ
19 - 22 SEPTEMBER

MAKINAT IRAQ
3 - 6 OCTOBER

IRAQ MEDICARE
4 - 6 OCTOBER

ERBIL INTERNATIONAL FAIR
24 - 27 OCTOBER

IRAQ AGRO-FOOD
21 - 24 NOVEMBER

Building relationships across borders

An interview with Falah Mustafa Bakir, Head of the KRG's Department of Foreign Relations

Minister Bakir, as you know, investors and private-sector representatives attach great importance to the ability of the Kurdistan Region to maintain strong relations with members of the international community. Can you tell us about the development of the Department of Foreign Relations and its role within the KRG?

The Department of Foreign Relations (DFR) came about because of a growing need to better coordinate our interaction with foreign representatives and visitors. It was, in many ways, a natural progression, and I believe that the department now serves an important and unique purpose for the KRG. Personally, it has been a pleasure and an honor to participate in a critical aspect of KRG policy, creating partnerships overseas and strengthening friendships with key allies, in coordination with Iraq's federal Foreign Ministry.

An example of this is the rapid expansion of diplomatic representations posted in Erbil, the capital of the Kurdistan Region. There are now 20 such offices, including consulates general, embassy offices, trade offices, and honorary consuls. The DFR promotes and facilitates the activities of diplomats in the Region, and I believe that their presence and their contributions have begun to make a positive and tangible impact on our citizens. This can be seen through workshops and seminars, visa services, and cultural and educational programs all offered by diplomatic offices.

A separate aspect of the DFR mandate includes the supervision and coordination with KRG offices overseas, which now number 11. Our offices in the United States, the United Kingdom,



Falah Mustafa Bakir

Belgium, Germany, France, Italy, Sweden, Spain, the Islamic Republic of Iran, Switzerland, and Australia have proved very useful in spreading the word of the success and economic opportunities to be found in the Kurdistan Region.

The DFR also serves as the liaison point for coordination with the United Nations, its agencies, and other international organizations or non-governmental organizations.

Two principle duties define the Department: facilitation of the visits of official delegations, and policy work for the stance of the KRG as it interacts with the outside world. Our Department deals primarily with diplomats, and the establishment of strong ties has proved to be an important part of the KRG strategy. I believe diplomacy and economic activity go hand in hand, and the KRG is fully aware of the importance of its diplomatic arm in promoting foreign investment and future prosperity.

What has happened within the past year in terms of the Kurdistan Region's relationships with the outside world?

The past year has brought important developments in our relations with the outside world. Kurdistan Region President Masoud Barzani has been extremely active, recently visiting the heads of state in France, Germany, Italy, Austria, Turkey, Egypt, Jordan, Saudi Arabia, Lebanon, the United States, the United Kingdom, and others. The United States ended its combat operations in Iraq, amplifying the importance of its diplomatic activity here. The Department of Foreign Relations assisted in the drafting of a Letter of Intent between the KRG and France, signed by President Barzani and French Foreign Minister Bernard Kouchner earlier this year, designed to further strengthen this important partnership.

Prime Minister Barham Salih led a high-profile delegation at the KRG Trade and Investment Conference in London, arranged by the KRG-UK office in coordination with our Department. The conference was a resounding success and helped to raise our profile as a strong economic player in the Middle East.

Egypt and Jordan have both opened full consulates general in Erbil. These decisions are a very important step forward for our relations with the Arab world, and were achieved after President Barzani visited both countries.

Along with a number of important visits abroad, the KRG received guests from around the world interested in building partnerships, exploring economic opportunities, and developing stronger political ties. Several trade ministers, including those from Turkey, Sweden, the United Arab Emirates, Jordan, the Czech Republic, Lebanon, and Germany, have all traveled to the Region recently with large business delegations. The US Vice President Biden and several delegations of US political and defense officials conducted repeated visits. The DFR has expanded considerably as the quantity and diplomatic level of guests continues to increase, reflecting the growing importance of the Kurdistan Region on the geopolitical map.

Your department has earned a reputation as the 'conduit' between the KRG and international representatives. Can you describe the experience of a visiting delegation in the Kurdistan Region?

The Kurdistan Region, as part of Iraq, inherits an image that does not accurately portray the real situation on the ground. For this reason, visits are of enormous importance, and the KRG encourages delegations to see the reality. We coordinate closely with the visiting government's foreign ministry, including reviewing options for specific site visits and particular sector-specific areas of interest. The DFR also ensures that the delegation absorbs some of our culture, usually including a visit to the Citadel and a chance to enjoy Kurdish cuisine, in addition to official meetings.

The department has a Protocol and Delegations Directorate to handle logistics and maintain continued communication, and an International Relations Directorate to address substantive matters with foreign representatives on a daily basis. Separately, our International Organizations Directorate takes the lead on the visits and programs of the United Nations agencies and non-governmental organizations.

Arranging these visits requires attention to protocol, but also careful attention to the content of the visit, so that our guests

obtain a true sense of the Region while engaging in the right sort of meetings. It has been my pleasure to ensure that visiting delegations truly understand the Kurdistan Region. In many cases, communication and substantive follow-up with guests after such visits is as important as the visit itself. The DFR is always available to explain the policy and the developments of the Region to our friends overseas and follow up on matters of mutual interest.

One of the privileges of my position is to welcome and bid farewell to our guests. The most common reaction is the genuine appreciation of our progress, stability, and prosperity, which is often a pleasant surprise for delegations. Visitors from near and far are amazed that this is happening in Iraq, and I don't think they would have believed it had they not seen the Kurdistan Region with their own eyes.

Do you have a message that you would like to extend to our readers and to potential investors based on your experience as Head of the Foreign Relations Department?

The KRG has been developing this Region and the concept of a safe, investor-friendly environment since 1992. We have encountered many obstacles and efforts from the former regime to thwart our progress. In the last several years, our government and our people have been able to really grow and explore our options for a stronger economy and a better life. And although there are still challenges ahead, I believe we have a clear vision and strong leadership to guide us towards a stable and prosperous future.

The current situation in the Kurdistan Region is the result of many decades of hard work and struggle. I am pleased to invite investors, business people, government officials, and diplomats to come to the Region and share in our success. ■



Falah Mustafa Bakir welcomes US Vice-President Joe Biden to the Region in 2009

Turkish investment: developing durable relationships



Trucks and tankers queue on the Turkish border to bring their goods into the Region

An interview with Aydin Selcen, Consul General for the Republic of Turkey in Erbil

Please give a brief overview of the current economic relations between the Kurdistan Region and Turkey.

Currently, the bilateral business volume with the region is US\$6 billion. Our export volume to Iraq in 2010 was \$7.5 billion, of which 70 percent is to Iraq's Kurdistan Region (IKR). More than half the registered foreign businesses in IKR are from Turkey. In other

words, 741 companies from Turkey are based in Erbil. So, if you take IKR as an independent entity, for statistical purposes, it will easily be amongst the top 10 business partners of Turkey.

As Consul General, what targets did you set in order to strengthen the relationship between the Kurdistan Region and Turkey?

Turkey is one of the fast-developing nations. Our economic growth rate in 2010 is 8.9 percent. So, economically speaking, we had high

aspirations for the future of our bilateral relations. Firstly, we noticed the need for Turkish banks within the IKR. Now, in agreement with Ankara and Baghdad, three of the biggest Turkish banks established fully operational branches in Erbil; Ziraat Bankası, Vakıflar Bankası and Is Bankası. Secondly, it was imperative that Turkish Airlines (THY) offered regular flights to and from the region. THY Istanbul-Erbil flights start on the 14th of April 2011. This in addition to ATLAS Jet which already flies seven days a week to IKR from Istanbul.

What other significant developments are you working on?

The Habur border gate, between Zakho and Turkey, was rehabilitated a couple of years ago by the Union of Turkish Chambers of Commerce (TOBB.). However, today we have less than full capacity with regard to transportation levels even though we have more than 1,500 trucks and 800 private vehicles crossing from each side to the other per day. It is our intention to significantly expand on this by increasing the number of customs officials and operate a 24-hour, seven-days-a-week, service. Additionally, the building of an adjacent bridge to the one used for inbound traffic from Iraq is envisaged.

Furthermore, there are already four Turkish oil companies based in the Region—Genel Energy, Petoil, Petroquest and Dogan Energy. In terms of development, though, it is extremely important that we connect the oil and gas resources available in Iraq to Turkey, starting with our neighbouring region.

In terms of Turkish investment opportunities in the Kurdistan Region, what developments do you consider the most successful, and where has there been room for improvement?

In terms of success, the Turkish construction industry is by far our greatest development, being rated as number one, contractually speaking. In addition to new infrastructures, sanitation-irrigation projects and dams, a vast majority of buildings in IKR have been built by Turkish construction companies. Both Erbil International and Sulaymaniya airports are examples of just a few accomplished projects.

However, despite our strength in contracting and trade within the Region, we were not so significant in direct investment until recently. Among the few investments cited were Erbil Steel and Bilkent International School—both investments are worth \$40 million each. We needed to encourage more Turkish investors to come to the Region. By the end of 2010, the Turkish investment volume had significantly increased, with a target to surpass \$1 billion by the end of 2011. This was a result of direct investment in construction material factories together with health sector.



Turkey's Prime Minister Recep Tayyip Erdogan is welcomed to the Kurdistan Region by President Masoud Barzani

Looking forward, what are the challenges and opportunities that lie ahead for Turkey and the Kurdistan Region?

Things are looking very positive for the future. Relations between Turkey and the Iraqi Kurdistan Region have improved significantly. The visits by the Turkish Prime Minister, Mr Recep Tayyip Erdogan, to Erbil in March 2011 and by President Masoud Barzani to Turkey in June 2010 were both of historical importance. In 2010, Turkey's Foreign Interior and Foreign Trade Ministers each twice visited Erbil, and the National Education Minister visited once. There were also visits by the Governors of Mardin and Adiyaman provinces.

We are continuously working towards diversifying and developing durable and sustainable relationships. Turkey's overall target is full economic integration with Iraq, as cited by our Prime Minister during his visit to Baghdad. However, the biggest challenge that still lies ahead is the fight against terror, even though we are working together to resolve this. We are not stuck in the past, but looking forward to a better future. ■

London conference places Kurdistan center stage

The Kurdistan Trade and Investment Conference 2010 in London confirmed the KRG's commitment to promoting international commerce, writes Tom Hardie-Forsythe

I first entered Kurdistan in Iraq in March 1991. Then I was a British Army officer, part of Operation Safe Haven. Our mission was to protect the tens of thousands of people who had run for their lives into the mountains, pursued by Saddam Hussein's forces. The surrounding landscape was like a moonscape, rubble and yet more rubble, due to the destruction of over 4,000 villages in Saddam's Anfal genocide campaign against the people of the Kurdistan Region. What I could not see then was the true backdrop of a people possessing both remarkable resilience and a capacity for more than just survival.

Nearly two decades later, having spent some time as both willing player and observer in a remarkable transformation of this land—engineered mainly by astute KRG management in partnership with international agencies, NGOs, and business interests—I found myself sitting in a hotel lounge in the City of London, reminiscing about how much has changed. I said to Bayan Sami Abdul Rahman, the KRG's High Representative to the UK, "In 1991, we could barely get six people in a room to talk about Kurdistan." "Now we have 600!" she replied.

These were the delegates who gathered in London for the Kurdistan Trade and Investment Conference in June 2010. They came to hear from the KRG and the private sector about why they should do business with the Region. It was a testament to the KRG's seriousness in promoting international commerce that Prime Minister Barham Salih and seven of his cabinet ministers came to speak at the conference.

While trade delegations from around the world have visited Kurdistan and our chambers of commerce have traveled extensively, the KRG wanted to introduce the Region to companies and journalists that had not yet visited or knew little of it.

Bayan Sami Abdul Rahman organized the conference knowing that there would be some interest in our emerging market, but she and her colleagues were thrilled when the conference became oversubscribed and full to capacity.

The two-day event had a buzz, with delegates milling around in the breaks and journalists from CNBC, the BBC, *The Guardian*, *The Wall Street Journal*, and the newswires interviewing the high-profile speakers in the press room. The British, international, and Middle Eastern media were particularly keen to interview Prime Minister Salih and the Minister of Natural Resources, Dr Ashti Hawrami.

Among the other speakers were American and Emirati government officials, including Baroness Wilcox, Baroness Symons, Baroness Nicholson, and Foreign Office Minister Alistair Burt. The conference gave Burt and Baroness Nicholson added encouragement to visit Erbil for the first time, and both have now seen it for themselves.

In the planning, the KRG felt it was important for Kurdistan's private sector to be out in force. Delegations from Kurdistan's chambers of commerce and the Contractors Union flew in, and the chairman of mobile operator Asiacell—one of the Region's biggest companies—addressed the conference. It was also vital to show that Kurdistan is by no means a backwater. Representatives from HSBC, Lafarge, Pepsi-Cola Bottling, YouGov, and Austrian Airlines talked about the success they have enjoyed so far as multinationals that have made an early entry.

It was heartening to see senior figures in the Iraqi government showing their support for the Kurdistan Region's ambitions. In their speeches, Fawzi Hariri, Iraq's Minister of Industry and Minerals, and Dr Sami Al-Araji, chairman of Iraq's National Investment Commission, confirmed that Kurdistan is the safe and secure gateway to doing business in the rest of Iraq.

I chaired a session on agriculture and spoke at another on governance. Any perception that the only serious interest at the



Images from the London conference: (from top right) Prime Minister Barham Salih gives his speech; Bayan Sami Abdul Rahman, KRG High Representative to the UK, speaks to delegates; Dilshad Barzani, KRG Representative to Germany, with his counterpart in the United States, Qubad Talabani

conference was in hydrocarbons was soon dismissed by the high attendance at these sessions and subsequent follow-ups.

The Minister for Higher Education and Scientific Research, Dr Dlawaer Ala'Aldeen, spoke honestly about the challenges he faced and the commitment of the KRG to improving education and research standards. On the back of the conference, representatives from Sheffield Hallam and Leicester universities are now visiting Erbil and discussing exchanges, training, and

Kurdish research applicants. Also, the Ministry of Agriculture and Water Resources, in partnership with Kurdish landowners and farmers, later sponsored a stand at the World Fruit and Vegetable Expo in London.

Kurdistan opened up to the world in earnest from 2003. The London Conference was an important milestone, signaling a new and even more ambitious stage of development, and pointing the way ahead to even more exciting possibilities. ■

Representing the Kurdistan Regional Government in London

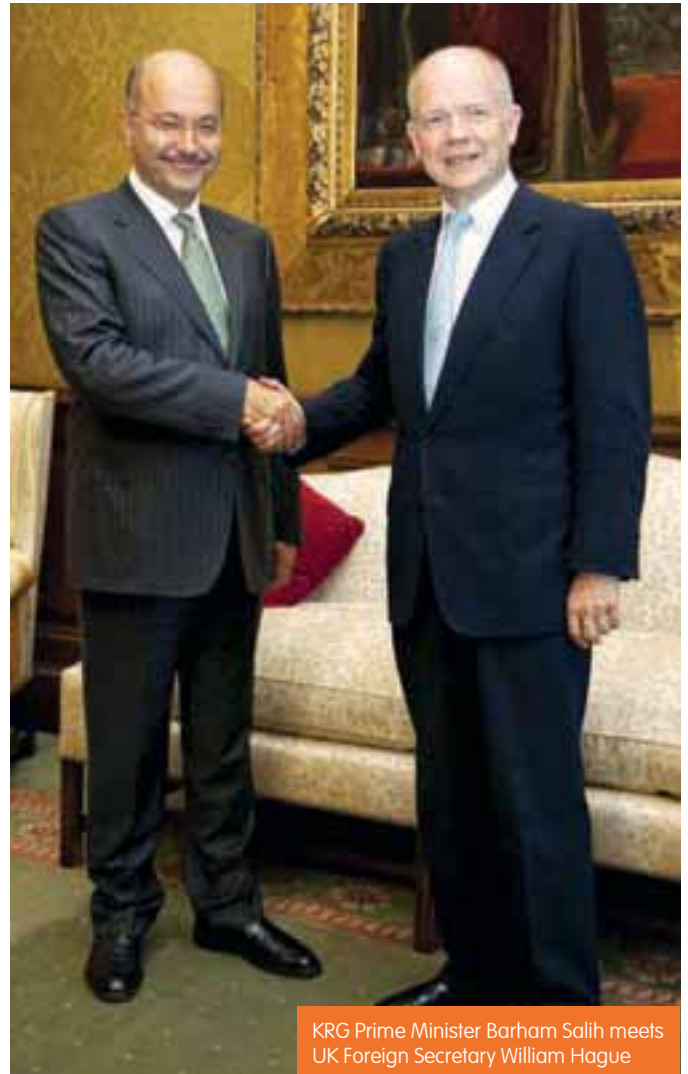
Bayan Sami Abdul Rahman, the KRG's High Representative to the UK, describes the deepening relationship between Kurdistan and Britain

I first returned to Kurdistan in 1992 as a fledgling reporter, after growing up in exile in the UK. I visited many places, including Halabja, a city in rubble with families living among the ruins and munitions shells. Four years earlier, Saddam's forces had bombed the city with conventional weapons before attacking it with chemicals, killing 5,000 people and injuring thousands more. At the time of the attack on Halabja and other Kurdish communities in Iraq, the Kurdish diaspora in Britain held demonstrations and lobbied the British government, parliament and media. It seemed that our appeals to stop Saddam Hussein's genocide campaign, and to help our fellow Kurds, fell on deaf ears.

Much has changed since then. Iraq has been liberated by the UK, US and others that joined the coalition; Saddam is no longer; and Iraq's parliament and Supreme Court have recognised both the attack on Halabja and the Anfal operation as genocide. British MPs and peers mark the anniversary of the genocide in parliament annually.

There is still a great deal to do, but it is fair to say that Kurdistan has been transformed and that the transformation has been noted by the UK government, parliament, business community and institutions. Several high-level visits on both sides since the liberation in 2003, numerous trade delegations, and engagement by institutions reflect deepening diplomatic ties between Kurdistan and Britain.

In 2005, I was appointed the KRG's High Representative to the UK. The office, with a young and determined team, is a dynamic and active diplomatic mission in London. The job is made all the



KRG Prime Minister Barham Salih meets UK Foreign Secretary William Hague



Prime Minister Salih, UK Minister for the Middle East and North Africa Alistair Burt and Bayan Sami Abdul Rahman



Bayan Sami Abdul Rahman speaks at the KRG London trade conference in June 2010

easier by Kurdistan's historic links with the UK, such as with Britain's three main political parties and some of its leading political figures, whose interventions in Iraq have saved lives. Furthermore, in the current KRG cabinet, the Prime Minister and three ministers were educated in the UK.

Besides maintaining relations with the Foreign and Commonwealth Office, the KRG UK Representation works with the British government's investment arm, UK Trade and Investment (UKTI), as well as with several trade associations, universities, think tanks, cultural organizations and non-governmental organizations (NGOs). Some examples include the Westminster Foundation for Democracy, the National School of Government, academic institutions such as the University of Exeter, and the Sports Council for Wales.

The Representation is based in London, but endeavors to deepen the links between Kurdistan and Scotland, Wales and Northern Ireland, as well as England and the UK as a whole. The most recent example of this is a visit by our office to Belfast in September 2010 to meet Northern Ireland's trade minister, which was followed by a visit to Kurdistan by Invest Northern Ireland, the region's leading investment promotion unit.

Increasingly, Kurdistan's pivotal role in Iraq and the Middle East is being recognised in the UK. Kurdistan is part of Iraq and at the heart of the Middle East; it is at the crossroads of Shia and Sunni Islam, and home to Christians and Yezidis.

The Kurdish leadership has shown its ability to help fellow Iraqis out of a crisis or stalemate. For example, Kurdistan has become a safe haven for Christians escaping the violence in other parts of Iraq. Another recent example is President Barzani's

initiative to bring the Iraqi political blocs together to form a government after eight months of deadlock, a move welcomed by Britain's Foreign Secretary, William Hague.

British companies are also increasingly seeing Kurdistan as a peaceful, vibrant destination for investment, and as the commercial gateway to Iraq. UKTI led the largest British trade delegation to Kurdistan in October 2010 to participate in the Erbil International Trade Fair, a breakthrough that followed the successful Kurdistan Trade and Investment Conference in London a few months earlier.

In another sign of strengthening relations, the British Embassy Office in Erbil will be upgraded to a full consulate, and a UKTI member of staff has been appointed to the office.

Our message to Britain has been that it is in her strategic interest to engage with Kurdistan—a fledgling democracy in a region with few examples of multi-party systems, elections or commitment to dialogue and consensus. As one British MP recently observed, the coexistence of the various communities in Kurdistan—Kurds, Turkmen, Caldo-Assyrians, Muslims, Christians, Yezidis and other sects and religions, and respect for Judaism—makes Kurdistan a rare example of tolerance and diversity in the Middle East.

This message of peace, progress and shared interests is at the heart of the KRG UK Representation's work in London.

I have visited Halabja many times since 1992, most recently with a group of British MPs and peers. Following their visit, they pledged to work towards international recognition of the Kurdish genocide—illustrating just how far we have come in raising Kurdistan's profile in Britain. ■

Building a hub for shopping and tourism

Vian Rahman, of the Kurdistan Regional Government's UK Representation, describes how the expanding retail and leisure sectors are driving investment in commercial property

New commercial buildings are changing the face of Kurdistan's cities for residents, business people, and tourists alike. The market's main trend is currently toward retail—such as supermarkets, shopping malls, and specialist stores—and restaurants, leisure facilities, and hotels. The retail culture in the Kurdistan Region is strong and becoming more powerful, with high per-capita expenditure on consumable goods, food, and entertainment. There is slower, but steady, growth in office and business premises, although many companies still use residential buildings as office space.

Since the liberation of Iraq in 2003, the commercial property market has changed completely. In effect, there was no commercial market as most businesses were run from large dwellings, and a few large buildings were run as hotels. Now a complete turnaround is well under way, with foreign architects bringing good designs to the market. Developers from both Kurdistan and abroad are, for the first time, using international business models for their projects.

Factors influencing the market include a chronic shortage of retail and business premises. Iraq's former Ba'ath regime intentionally held back economic progress in Kurdistan, and the Region was under a double embargo in the 1990s. Since 2003, the private sector, supported by the Kurdistan Regional Government (KRG), has been building in earnest. Demand has been fueled by the KRG's policies on hydrocarbons, a liberal investment law and project licensing. Kurdistan's business community and middle classes now travel more frequently and have begun to understand the benefits of first-class commercial property.

Two of the largest commercial property projects under construction are Empire World, covering one million sq m and

being developed by the Kurdish company Falcon Group, and a 100,000sq m development by Kuwaiti firm KREDCo. Meanwhile, in the capital, Kurdish conglomerate Ster Group is developing a high-rise office block, the Ster Tower.

Kurdistan's business community is showing remarkable ambition, a willingness to take risks with its capital and a drive to catch up with the Region and the rest of the world. In just a few years, Erbil, Sulaimania, and Dohuk have become famous throughout Iraq for their leisure and shopping facilities. Historically, Kurdistan has had a healthy domestic tourism industry, but now there are the added attractions in the cities. Hewa Group's Majidi Mall in Erbil and several other smaller malls across the Region are drawing the middle classes and visitors by selling international retail brands such as Mango, Ecco, Chopard, Diesel, and Levi's, and offering the novelty of supermarket shopping. Majidi Mall is modeled on Turkish shopping complexes, but Hewa Group is planning to build a second mall modeled on western European shopping and leisure complexes, in partnership with British commercial property consultancy firm BTWShiells.

Within the leisure sector, the capital's best-known theme park is Family Fun, to which owner Darin Company plans to add a shopping center, ice rink, cinema complex, and bowling alley. The mall will include France's Carrefour, the world's second largest supermarket chain. Such big names, either directly or through their Middle East franchise licensees, are now showing that they have confidence in Kurdistan, as a market in its own right and as a safe foothold for launching into the rest of Iraq at a later stage.

As Kurdistan has turned itself into a hub for leisure and business visitors, hotels and motels fill up quickly at peak times. This has attracted international hotel operators, which will soon help to fulfill some of the peak-season demand. The Kurdistan Regional Government's Board of Investment is keen that the high-end hotel builders have agreements with established operators at an early stage, to ensure they will be properly managed.

Kurdistan's business community is showing remarkable ambition, a willingness to take risks and a drive to catch up with the Region and the rest of the world



New shopping complexes are modeled on successful developments abroad



Shandihar Park, Erbil



Family Mall, Erbil



The Mazi Supermarket, Dohuk

In Sulaimania, hotel chain Millennium and Copthorne has made an agreement to operate a trio of four- and five-star hotels that are being built by the Kurdish company Faruk Group Holding. In Erbil, Lebanon's Rotana Hotel is nearing completion, and Turkish operator Diwan will manage another new hotel that is currently under construction.

As in most places, build costs fluctuate mainly with the prices of global commodities, steel, and cement. However, the Kurdistan Region remains favorably priced in comparison to Europe, the United States, and neighboring countries. For developers and landlords, average rates of return on sales and rents are higher than the European and US average in most commercial property sectors.

Turkey has had a major influence on commercial property, especially since the strengthening of political ties. Most advanced materials are brought in from or via Turkey, and the majority of large-scale government and private projects have an element of Turkish involvement. Charges are higher than those of their Iraqi counterparts, but a commensurate and welcomed increase in quality has been achieved.

The challenges of investing in commercial property are in understanding the market dynamics when there is a lack of data, and finding good local partners that have international standards of practice and business modeling. The opportunity presented is a greenfield area possessing exponential growth potential and with pro-market conditions and regulations. ■

Opportunities in financial services



The KRG is raising public awareness of the benefits of using financial services

Vian Rahman highlights the potential for investment in the Kurdistan Region, covering areas ranging from insurance and banking to mortgages and loans

If you drive around Kurdistan's cities for the first time, you might be surprised at the number of shiny new SUVs and sedans on the roads, a sign of the affluence that some of the residents are now enjoying. What's equally surprising—indeed alarming—is that very few of the cars, whether new or older, are insured.

The Kurdistan Regional Government is making efforts to rectify this situation. A state-owned insurance company in had

been in existence before the 1990s, but this disintegrated following the upheaval of the Gulf War. The KRG Ministry of Finance has established a national insurance company with capital of \$3 billion, and has also licensed three private insurance firms. One of these is StarKar Insurance, which launched in 2007 and is owned by the Kurdish Ster Group.

While, for most insurance needs, people will be able to choose from either the state company or private firms, third-party liability insurance will become mandatory and will have to be taken out with the government. Such a car insurance scheme already operates across the rest of Iraq.

Banks need to be willing to take more risks and publicize the benefits of their services

For business insurance, firms can use local or foreign insurance brokers, as long as the brokers have offices or branches registered in the Kurdistan Region. The only international broker to be licensed in Iraq so far is Anglo Arab Insurance Brokers (AAIB), which recently made an agreement with global insurance services company Marsh on energy, power and aviation insurance for Iraq.

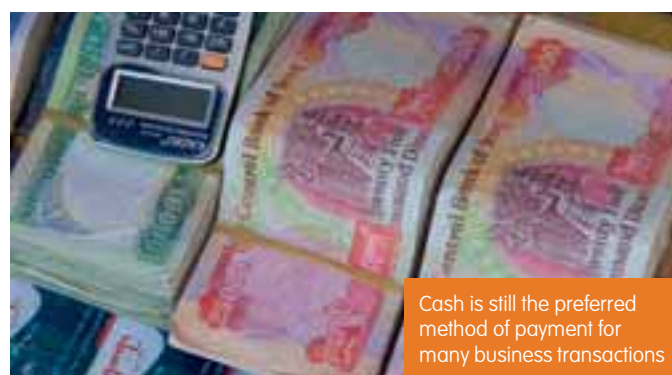
Currently, policies are rare not only for vehicles, but also for life, health, home and building, travel, and other needs. Therefore, the opportunities are many. The challenge is to raise public awareness of the benefits of insurance relative to its cost.

Banking services are far more established than insurance. There are currently more than 80 state and in excess of 50 private bank branches in the Kurdistan Region. Trade Bank of Iraq (TBI), which was established by the federal government in 2003 to link Iraq with international banks, provides letters of credit and project finance loans. It arranged finance to Mass Global to develop three power generation plants in the Kurdistan Region, which has transformed the provision of mains electricity from around four hours to 20 hours a day.

However, while banks are functioning relatively well for trade finance and transactions, many of the private banks have low loan-to-deposit ratios. The Iraqi system's assets are still dominated by the state-owned banks Rasheed and Rafidain, according to a 2007 USAID report on Iraq's banking system. Nevertheless, foreign banks still recognize the value of entering the Kurdistan Region and Iraq. HSBC is already present under the Dar Es Salaam name, and Standard Chartered Bank, which has a representative in Erbil, is considering opening a branch there.

The Lebanese have already decided to use Kurdistan as the launch pad for their Iraq operations, with Byblos, BBAC and Intercontinental. Turkey's VakifBank, Isbank and Ziraat are also planning branches, on the back of the very high volume of trade that Turkey enjoys with Kurdistan.

Nevertheless, the development of financial services is patchy. While the presence of banks is increasing, the few ATMs that can be found in Kurdistan often don't function. This is partly because, so far, the number of bank accounts held by the general



Cash is still the preferred method of payment for many business transactions

public is low, so the habit of going to ATMs hasn't yet taken hold. People are used to keeping large sums of money at home and investing it in land and property, rather than in savings or stocks, and many business deals are still transacted in cash. The Islamic hawala system of foreign exchange, based on trust, remains strong and can be found in every city. So, for banks to make the most of the opportunities, they need to be willing to take more risks and publicize the benefits of their services.

Government initiatives may also help to change perceptions and the reliance on ready cash. The KRG is offering 10-year mortgages from a housing fund to enable government employees and low-income families to buy new homes built by private developers. Although this is a government scheme, it is opening people's eyes to the opportunities offered by mortgages and loans, and private lenders should eventually feel the benefits.

Kurdistan's ambitious pro-market policies include setting up an Erbil Stock Exchange. Licensed in February 2010, this will be based on the model used in Dubai and Abu Dhabi. It will offer greater flexibility for foreign investors, facilitate the Region's credit flows, and stimulate links to the international business community.

Financial services currently account for only around two per cent of all business in the Kurdistan Region. With a growing private sector needing more services, and greater contact with other countries creating a more sophisticated consumer, the financial services sector is likely to grow significantly. ■



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Through our companies, Vast Exploration and Longford Energy we are proud to invest in the oil & gas sector (Qara Dagħ and Chia Surkh exploration blocks) and support the economic growth and development of the Kurdistan Region. Our partnership with the Kurdistan Regional Government will enable future sustainability and prosperity for the people of Kurdistan.

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Increasing wealth with oil and gas

An interview with Dr Ashti Hawrami, the KRG's Minister of Natural Resources

You have now been Minister of Natural Resources for four years. Do you consider your tenure to be a success?

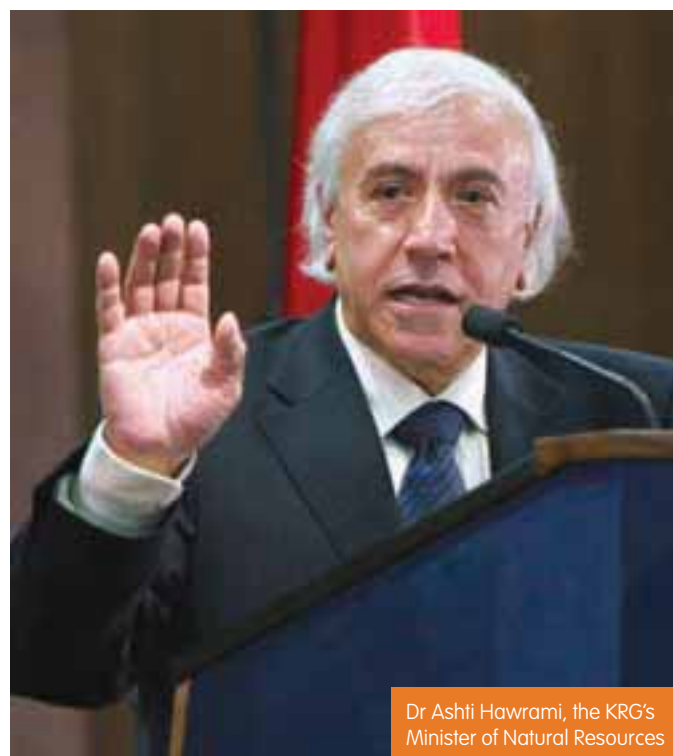
To date, I am encouraged by the success of the oil and gas sector in Kurdistan, but building up an industry almost from scratch does not happen because of one person alone. It is a result of the right policies, the right teams, the right political and economic climate, the right timing, and bringing in the right companies.

Remember that, because of the policies of past central governments towards Kurdistan, our Region was an economic backwater. We were never able to benefit from the wealth of natural resources that we always knew was under our feet. And, even though we enjoyed some security under self-rule after 1991, it wasn't until the liberation from the Ba'athists in 2003, then the federal Iraqi constitution in 2005, and the KRG oil and gas law in 2007, that we were able to set the foundations to finally exploit our resources for the benefit of the people of Kurdistan, as well as all of Iraq.

What have been the main achievements?

We have signed 43 production-sharing contracts with some 40 companies, involving 16 countries. The IOCs (international oil companies) have committed some \$10 billion investment in the energy sector in the Kurdistan Region. Our dynamic, pro-market approach is creating private-sector business opportunities, not just in Kurdistan but across Iraq. Thousands of jobs will result.

We have reached the point that we can implement plans quickly to export 100,000 barrels of oil per day (bpd), rising to 150,000 bpd by the end of 2011. By 2014, Kurdistan will be able to export at least one million barrels per day. That is a reasonable production level to expect from the reserves that we anticipate in Kurdistan. There have been eight significant oil finds. We estimate



Dr Ashti Hawrami, the KRG's Minister of Natural Resources

the potential oil reserves at around 45 billion barrels. All this means a large increase in revenues for Iraq as a whole, given that the country is currently producing just over two million barrels of oil per day.

How about gas?

Well, conservative estimates put the Region's reserves between three and six trillion cubic meters. This puts us at third or fourth place compared with the existing suppliers of piped gas to Turkey and Europe. We are looking at the exciting prospect of supplying gas to the Nabucco pipeline, which will carry gas from the Caspian and Iraq up to the heart of Europe.



At present, the Kurdistan Region is exporting 100,000 barrels of oil per day

After we have developed a gas grid for domestic use, the Kurdistan Region can meet the long-term supply needs of Turkey and Europe, being a reliable alternative to existing gas suppliers. At home, we are already using gas to help with power generation. Citizens of the Region get around 20 hours of electricity a day, on average. That's 14-16 hours more than they had a few years ago, and 14-16 hours more than most citizens in the rest of Iraq. There is still much hard work to be done to develop our gas reserves, but here, as with oil, we will be driven by results rather than ideology.

Given this progress in such a short space of time, why have your policies met with so much opposition from Baghdad?

The new Iraq has a new federal constitution, which is the cornerstone of everything we do. Articles 115 and 121(2) give regions like Kurdistan legal supremacy on matters outside the exclusive powers of Baghdad. In the absence of any provision explicitly suggesting otherwise, Article 111, or federal government control over oil, is therefore subject to the laws of the Kurdistan Region. We believe in both the letter and the spirit of that

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Since signing Production Sharing Contracts, Reliance has embarked on ambitious exploration activities in the region

and with its early success on the first exploration well in Sarta, Reliance has once again demonstrated its world-class capabilities and ability to surprise the world with its performance.

Reliance has great faith in Kurdistan and its long term potential for oil & gas and is committed to develop it and to nurture and nourish the ambitions of its people in a way that is safe, sustainable, environment-friendly and beneficial for all.

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- World's largest gas production facilities commissioned in one of the harshest operating environments in the world in a record time of six and a half years
- Combined capacity of these facilities makes Reliance among the largest deepwater gas operators in the world
- Successful deployment of a Floating Production Storage & Offloading Vessel and use of sub-sea technology for the first time in India



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Constitution. We believe in a genuine partnership with the federal government, particularly in the oil and gas sector. But it must be a partnership of respect and constitutionality.

With some people, it seems, the old state-centralizing habits die hard, but I think that this tendency will weaken as all the major political blocs now recognize the need to adhere to the federalism provisions as set out in the Constitution. But, honestly, I think the dinosaur tendency, as I call them, is becoming extinct. Iraq will be stronger by recognizing its differences. A one-size-fits-all approach won't work; it never has worked.

So you are hopeful that the issues with Baghdad will be resolved?

Absolutely, we have wasted four years arguing, moving one step forward and taking two steps back—it was all very frustrating.

As a result, Iraq has lost billions in much-needed revenues from exports from the Kurdistan Region. The recent political initiative of President Barzani to bring together support for a new federal administration in Baghdad will, I believe, also bring about a breakthrough in the oil and gas sector. It was one of the KRG's conditions for supporting Mr Maliki to be prime minister.

Specifically, what were you asking for?

We said that we wanted to see a federal oil and gas law and a federal revenue-sharing law in place by the middle of 2011. These laws are essential for Iraq's future stability and prosperity. We said that, even before then, we want to resume exports as soon as possible, as a temporary measure until these laws are enacted. And we said that there must be an end to the policy of blacklisting



The fuel and energy requirements of Kurdistan's consumers are on the rise

companies that work in Kurdistan from operating in the rest of Iraq. That really was a wrong policy adopted by the oil ministry in Baghdad, and it was harmful to Iraq. So far, we have had very positive signals from Mr Maliki and we look forward to resolving these issues and moving on.

So what will be the next steps for the oil and gas sector in the Kurdistan Region?

Well, of course, we will see the resumption of exports, and probably one or two more fields will be coming online in the not-too-distant future. We will also be implementing and developing our gas strategy. As a result, we will build more

refineries, more power plants, fuelling the rise of a sustainable industrial and agricultural base in Kurdistan, and servicing the growing domestic demand for energy.

Downstream is also something we are focusing on, petrochemicals and so on. We achieve all this through a thoroughly modern, pro-market approach in which investors are welcome. The state should be regulating, not dictating.

The oil companies have shareholders, boards of directors, and investors behind them. The fact that they are here is obviously because they like what we have, what we say, our model, our legal framework, and the opportunities that exist here. I advise all would-be investors to come to Kurdistan and see for themselves the huge and unparalleled prospects for business. ■

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Genel Energy is one of the first to explore for petroleum in the Kurdistan Region of Iraq and today is the biggest investor and the biggest reserve-holder in the KRG.

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Kewa Chirmila, Ber Bahr, Dohuk, Miran and Chia Surkh licence areas at the exploration phase. Currently, Taq Taq and Tawke have production capacities of 60,000 bopd and 50,000 bopd respectively. Genel Energy is the operator under the Ber Bahr PSC and co-operator in Taq Taq.

Genel Energy's objective is to grow rapidly and with a view to becoming a highly regarded global E&P company.



EACH STEP MAKES A DIFFERENCE

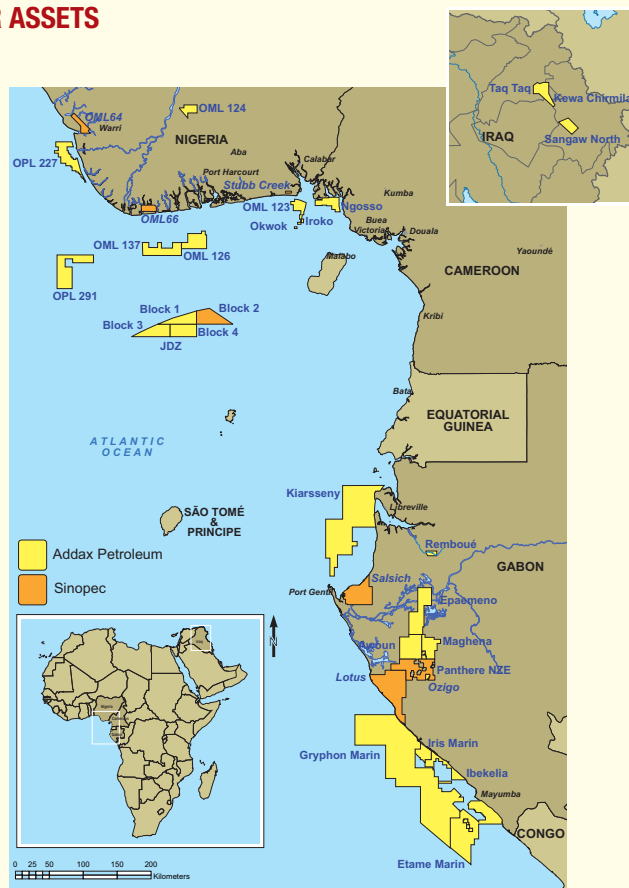
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Addax Petroleum is a subsidiary of the Sinopec Group, one of the largest oil and gas producers in China, the biggest oil refiner in Asia and the third largest worldwide.

Addax Petroleum was founded in 1994 upon leading petroleum industry expertise and a deep rooted understanding and respect for African cultures. Over the years, Addax Petroleum has evolved from a young pioneer into an established international oil and gas, exploration and production company in West Africa and the Middle East.

With an average oil production in excess of 130 Mbb/d, the Company has a high quality asset base consisting of a number of onshore and offshore producing, exploration and development properties in Nigeria, Gabon, Cameroon and the Kurdistan Region of Iraq.

MAP OF OUR ASSETS



Sturdy foundations are the key to building a strong and sustainable business. The growth that we have achieved to date has been driven by:

- **A continuous development of our technical expertise**
We have a proven track record of employing advanced technological expertise and investing in facilities and infrastructures to optimize oil recoveries and increase production in a cost effective manner.
- **A focused pursuit of competitive growth opportunities**
We focus on regions where our operational and managerial skills provide a solid platform for continued and sustained growth.
- **Mutually beneficial relationships with local stakeholders**
Wherever we operate, we implement an open dialogue with government authorities, host communities, industry partners and NGOs to lay grounds for a mutual understanding and cooperation.





A STRONG FOCUS ON HEALTH AND SAFETY

Addax Petroleum places the highest emphasis on the safety and welfare of all its staff and partners. The Company maintains a robust Health, Safety, Security and Environment (HSSE) management policy designed to produce a world-class safety performance for its continuous growth. This policy includes an integrated approach to providing stable, safe and secure working conditions for all employees, stakeholders and communities in all areas of operation.

The Company's Environmental Management System is designed to minimise the environmental impact of its operations and is focused on information gathering and risk assessment prior to conducting any new project.



COMMUNITY RELATIONS AT THE HEART OF OUR BUSINESS

Addax Petroleum believes that being a good corporate citizen is essential to building and sustaining a profitable business. It is the Company's priority to focus on developing positive local relationships and on aligning its priorities with the primary needs voiced by the host communities living in the operations' surroundings.



- **Working hand in hand**

Addax Petroleum focuses on programs and facilities which create an immediate benefit for host communities, such as the development of schools, roads, clean water systems, as well as programs which improve the health and well-being of the inhabitants.

- **Adjusting actions to needs**

Addax Petroleum strives to engage in positive dialogue with the various communities where it is implemented and make sure to satisfy their specific needs. This is done through regular town hall meetings, on-site visits to villages, and collaboration with the host communities to develop and put into action the most appropriate and sustainable projects.

- **Delivering tangible results**

Addax Petroleum recognizes that projects of this nature are not only valuable and worthwhile because of the benefits they provide to the indigenous population but also because they represent a tangible expression of the Company's commitment to the countries where it works and operates.

DNO: exploring and shaping a better future



What is the background of DNO?

DNO was established as a public company and listed on the Oslo Stock Exchange in 1971. The company, which was completely revitalized in 1996, is in the upstream sector with focus on both onshore and offshore activities.

The operatorship of the Heather field on the UKCS in 1997 was a stepping stone for DNO during the first growth cycle. From an offshore operatorship on the UKCS, DNO moved to onshore Yemen in 1998. Today it operates four licenses in Yemen and is partner in one.

The entry to the Kurdistan Region of Iraq was in 2004 with DNO being the operator of two licenses initially, which became three following the review of the contracts in 2008.

DNO has still a presence offshore with operatorship in an offshore license in UK, and is also partner in an offshore license in Equatorial Guinea.

The corporate headquarters is in Oslo, with operating units in Mozambique, Yemen, Dubai, and the Kurdistan Region of Iraq. Africa and the Middle East are currently the key focus areas of DNO.

What has DNO achieved in Kurdistan?

Following extensive geological work, DNO decided to drill the first exploration well in Kurdistan in late 2005, on the Tawke geological anticline, close to the border with Turkey.

While the acquisition and processing of seismic data was ongoing in summer 2005, DNO acquired the equipment to drill its first well in a Region where none existed at that time. The Tawke-1 exploration well discovered commercial quantities of crude oil.

A field development program was initiated immediately, and a central processing facility and a 43 km export pipeline were constructed in record time, along with the drilling of additional development wells. The field was fully developed in June 2007 – only two years after commencement of seismic exploration activities on the ground.

Export of crude oil from the Kurdistan Region to the international market is essential to create full value from current and future oil discoveries. Export was allowed for a short period, for about 3 months from 1 June 2009, but was halted because of non-payment for

crude oil being exported. The field has, meanwhile, supplied crude oil to the local market.

The first exploration well made a discovery in the Erbil PSC contract area in 2007. This field is being appraised.

What are the longer-term aspirations of DNO in Kurdistan?

DNO has long-term commitments to all stakeholders of the Region. At least three new exploration wells are planned for 2010-11, one in each of the licenses operated by DNO.

The near-term aspirations are to have all matters resolved such that crude oil from Kurdistan will again be exported to the international markets, for the benefit of the Region, the whole of Iraq and to the oil companies engaged in E&P activities. DNO is hopeful this may happen soon. The company recommenced the export of crude oil from Tawke on 2 February 2011 at rates in excess of 65,000 bpd, and is also assisting the KRG by receiving third-party crude oil for export using the DNO export infrastructure.

What focus is placed on Corporate Responsibilities?

Corporate responsibilities take various shapes and forms. DNO supports local reconstruction with \$12 million defined as Capacity Building Bonuses in the contracts signed with the KRG.

Apart from providing jobs to the local community, DNO is also contributing greatly toward bettering the infrastructure, health, and hygiene standards of the Region. The sum of \$150 million is being contributed toward the building of a water purification plant in Dohuk for the benefit of the city and nearby villages.

DNO has invested in local school upgrades and equipping local hospitals with requisite medical facilities, and the company will continue to partner with the local community in shaping a better future.

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Hydrocarbons: investment and future riches

Foreign energy companies are discovering the wealth of opportunities that the Region offers, writes Ahmed Said, President of Oil and Gas at Forbes and Manhattan

The Kurdistan Region has generated a great amount of excitement recently over its potential untapped hydrocarbon riches. It has gone from a Region generally overlooked, compared with the massive reserves in Southern Iraq, to being one of the hottest areas in the petroleum exploration and production sector. There are good reasons for this. Kurdistan's proximity to the large structures of Kirkuk and the generally productive Zagros mountains gives confidence that the Region possesses significant reserves of hydrocarbons. Indeed, this confidence is being proven by the discoveries being made by a range of companies. And, Kurdistan is also a 'safe' environment in which to invest—security is very good and the Kurdistan Regional Government is supportive of foreign investors.

The Region is not, however, a new name in the hydrocarbons sector. Indeed, it is one of the oldest. The Kurdistan Region of Iraq was the birthplace of the Iraqi oil sector and, hence, that of the Middle East in general. It was here, at the Chia Surkh structure, south-east of the city of Sulaimania, that the first exploration well in Iraq was drilled in 1902 by the predecessor of the Anglo-Persian oil company. This historical oil well was the first drilled in Iraq, and paved the way for the discovery of the super-giant Kirkuk field. Since then, the Zagros thrust belt has turned into a prolific hydrocarbon province. In 2000, the USGS estimated the Zagros thrust belt contained more than 43 billion barrels of oil.

With this potential, and coupled with its stable security atmosphere and investor-friendly policies, the Region has attracted significant interest from foreign energy companies. The range of companies now operating in the Kurdistan Region is truly impressive and includes some very well-known names. The



hydrocarbons sector of the Region is also serving to invigorate the economy in general, with service industries becoming more prominent, and other related sectors benefiting from the growing economic success. The high-end hotels being developed in Erbil and Sulaimania are clear indicators of this, but even more impressive are the more intangible developments taking place in Kurdistan's cities and towns—they are being transformed, improved and modernized. Indeed, it is no surprise that the comparison to Dubai is often made—and we should not forget that Kurdistan's natural resource potential is considerably more than that of Dubai when development started there.

Recent multi-billion-barrel discoveries have occurred, and there are still plenty of anticlinal structures yet to be drilled, turning Kurdistan into an emerging 'mega-play' that generates interest among majors to participate and acquire a piece of this world-class basin. As the political relationship between Erbil and Baghdad becomes clearer and easier, so Kurdistan becomes a far more attractive investment proposition for more risk-averse majors. And, it is no surprise that this is now beginning to happen.



The potential of Kurdistan's oil and gas reserves is finally being realised with the help of foreign investment

Marathon Oil, for example, is the latest international oil company to sign up for a Production Sharing Contract with the Kurdistan Regional Government.

For Forbes and Manhattan, we have two companies, Vast Exploration Inc and Longford Energy Inc, operating in the Region and look forward to the successful exploration and development of our blocks. Exploration is still in its infancy and there are plenty of opportunities. Forbes and Manhattan is the operator of the Chia Surkh block, which we plan to drill during the second quarter of 2011. Upon successful testing, the first field will be brought online shortly afterwards, thereby creating many local jobs and providing additional revenue for the Government.

It is an exciting time for the Region, and an investor can clearly see that after landing at the new, multimillion-dollar Erbil

International Airport. With new hotels and shopping malls being built across the Regions, Kurdistan is poised for rapid economic development spurred by petroleum revenue.

Certain political uncertainties remain within Iraq. However, progress is evident, with the recent formation of the Iraq Federal Government. The relationship between Erbil and Baghdad is now friendly and forward-looking, as there is a general recognition that the interests of Iraq and Kurdistan are mutual and not antipathetic.

Over the next few months, Kurdistan can rapidly re-establish oil exports to international markets, which will yield needed additional revenue for the Iraqi people. The Kurdistan Region represents a shining example of economic success, and Forbes and Manhattan is honored to have partnered with the Government and to invest in the future of this Region. ■



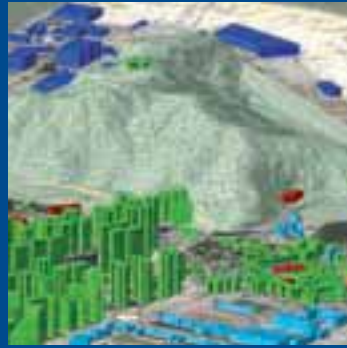
OMV is a global company that invests up to EUR 40mn in each individual well.

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OMV has been active in the Kurdistan Region of Iraq since 2007, with operations that started in 2008. OMV can draw from its broad expertise from operating diligently in harsh environments and apply experience already gained in a number of countries in the region. The company is ready to provide integrated solutions and rely on its very strong team of local and international experts.


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Our capabilities are underpinned by outstanding technical expertise, covering all specialist disciplines. Over the years, our work has received international recognition having won numerous technical, innovation and sustainability awards for oil and gas projects worldwide.

We have been working in Iraq through our offices in Basra since 2003 as an Iraqi registered company. With our predominantly Iraqi team backed by our international engineering and management expertise and safety/quality control, we have successfully delivered many hundreds of challenging projects throughout Iraq.



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The positive impact of hydrocarbons



Workers at the Tawke oil field in Zakho, which started exporting in June 2009

Brad Camp of KAR Group reports on how oil and gas reserves are bringing revenue to the Region and opening up new business opportunities

Kurdistan's story has always been one focused on the past. From proud feats of heroism against oppression to unbelievably horrible tales rivaling the vilest the world has endured, the recollections of yesterday fill the modern dialog.

Yet a new mood has drifted in from the Zagros mountains and settled upon the people of the Kurdistan Region of Iraq. Eyes

are shifting from yesterday to tomorrow, and from victimhood to a feeling of empowerment.

The mood is particularly evident in one new sector in Kurdistan: oil and gas. For a century, multiple regimes have hoarded the 'black gold' that flows from Kurdistan. Never have the benefits of the oil been allowed to build, unite, and foster a people that seek peace, stability, and happiness. Instead, oil has caused wars, occupation, oppression, and death. But not anymore.

Today, Kurdistan is a land of opportunity in the oil and gas sector. The Kurdistan Regional Government (KRG) launched its

exploration and development program by passing a progressive, yet commercially astute, law in 2007. Companies from the Americas, Europe, Asia, Australia, Africa, and the Middle East are now present in Kurdistan, exploring for and developing oil and gas resources. Local companies are answering the demand for services required by the international oil companies and improving the economy of Kurdistan by employing ever-growing numbers of workers. Local businessmen are investing in oil-processing facilities, including new refineries and power plants fueled by the gas produced locally.

PAST CONSTRAINTS The potential for oil- and gas-related industry cannot be understated. Historically, under the Ba'ath regime, industrial development in Kurdistan had been discouraged by Baghdad, while the enablers of industrial growth—such as transportation and communications networks, reliable power, access to outside markets, a well-trained workforce, and a progressive legal framework—were never fostered.

However, that does not hold true today. Over 1,000 megawatts of power production has been introduced in Kurdistan. Four-lane highways connect Erbil to Kirkuk and Mosul, and new roads facilitate trade with Turkey and Iran. Fiber-optic lines are starting to feed the communications networks, and mobile-phone penetration is high. Relations with neighboring states, highlighted by levels of foreign direct investment in the Kurdistan Region, indicate trust and opportunity in the market.

POLITICAL ISSUES Unfortunately, all is not without controversy. Politics are getting in the way of progress on the oil front. The Kurdistan Region maintains defined rights in the constitution to formulate and implement its oil-and-gas model, all the while recognizing that the resources belong to and should be shared with all the citizens of Iraq. However, differing views exist among some members of the Iraqi government, including the opinion that such rights should be overseen from Baghdad.

In an effort to demonstrate that the Kurdistan Region fully supports the concept of Iraqi ownership of oil, KRG officials agreed that the State Oil Marketing Organization (SOMO), under the Ministry of Oil in Baghdad, can be the agent for selling crude exported from Kurdistan. This allows the pooling of revenue for all oil produced on the territory of Iraq, but it is essential for stability and democratic development in the country that a responsible revenue-sharing plan, as required by the Constitution of Iraq, is passed by the federal legislature. Revenue sharing shall be the glue that holds the diverse nation together, pushing the supply of investment and essential services to the level of most efficient management – the local level.



Companies from around the world are looking to develop the Region's oil and gas resources

The past year has been one of significance for Kurdistan. Many of the world's leading brands—including Lufthansa, Pepsi, Carrefour, and Marathon Oil—have chosen the Region to launch their investments in Iraq. Thousands of barrels of refining capacity have been brought online to supply fuel for the population, including the first-ever production of unleaded gasoline in Iraq. The largest oil companies have contracted exploration territory and made investments in other oil companies and agreements. Additional power plants have been commissioned, fueled by the resources of the Region.

FUTURE GROWTH As exciting as the news is, it does not compare with what tomorrow holds. Refining capacity is expected to double, oil production will triple, and power will be supplied constantly to fully cover the growing demand.

The trials of yesterday strengthen the Kurdish people and have instilled a resilience and optimism to seize tomorrow. The opportunities are real and vast, and the market ripe for sustained, rapid growth, fueled by abundant natural resources and guided by open-market principles. ■



SHAMARAN PETROLEUM

Oil Exploration and Development in Kurdistan



Shamaran Petroleum Corp. is a Kurdistan-focused oil exploration and development company which is part of the Lundin Group. Its four projects in the region are the Pulkhana appraisal/development block, and the Arbat, Atrush & K42 exploration blocks. All are close to and on trend with recent oil discoveries and field developments in the region.

Shamaran Petroleum is a Canadian oil and gas company listed on the TSX Venture Exchange.



SHAMARAN

www.shamaranpetroleum.com

PHOTO COURTESY OF THE KURDISTAN GOVERNMENT

Reaping the rewards of oil

Since Kurdistan's oil and gas sector emerged from the shadow of direct control from Baghdad, the Region has reaped the economic benefits and seems set for a prosperous future, writes Professor Gareth Stansfield

Throughout Iraq's history, until 2003, Baghdad exercised total control over the oil sector through a nationalized oil industry. Quite literally, Baghdad dictated every single aspect of Iraq's oil sector, including how and where resources accrued from oil would be spent. The situation since 2005 has been somewhat different, with the Kurdistan Region exercising federal control over its oil and gas sector as mandated by the Iraqi Constitution. This has, at times, been viewed with concern, and even hostility, by the Iraqi government in Baghdad. However, if comparative evidence is to be a guide, the KRG took not only a brave step but a sensible one by seeking to develop its own sector separately from, but

ultimately integrated with, the rest of Iraq by embracing the federal nature of the Constitution.

In modern federal systems, regions and provinces enjoy a degree of freedom that allows them to pursue such programs with faster implementation and better efficiency, and without the heavy hand of a centralized state limiting their ability to operate. Within the Middle East region, the United Arab Emirates provides clear evidence as to how a decentralized political system can give immense economic benefits and improve overall living standards. In particular, Dubai transformed itself from a backwater facing the Gulf into a great city that, perhaps, stands alone in the breathtaking levels of development that have occurred in recent years.

The Kurdistan Region has been quick to learn the lessons provided by these earlier success stories. From difficult beginnings in 1991, the Kurdish leadership seized upon opportunities to develop their hard-won autonomous region.



Since 2005, Kurdistan has exercised federal control over its oil and gas sector

At first, this development was little more than survival, as the Kurdistan Region had to contend with the invidious effects of sanctions imposed by the UN against Iraq, as well as the actions against Kurdistan by Saddam's government.

Economic development did take place, most notably under the UN's oil-for-food programme. However, significant advances could only begin from 2003, as Iraq and Kurdistan emerged from shadows imposed by years of sanctions and began to exploit fully the resources that the deposed Ba'athist state had so tightly controlled. Kurdistan's development since then has been clearly tied to the exploitation of hydrocarbons, but this exploitation needed a new approach to managing a nascent industry.

EFFECTIVE STRATEGY Underpinning the development of the Kurdistan Region are sound economic, investment and development policies that ensure the sustainability of economic progress, guarantee the rights of contracting parties, and decrease bureaucracy and corruption. These policies have taken time to put into place and, while still not perfect—something which Kurdish leaders readily admit—they have assisted the Region in attaining efficiencies that the rest of Iraq has yet to witness.

This relative success, compared not only to Iraq but also to Kurdistan's close neighbours, has also turned the Region into an investment magnet for those investors keen to work in Kurdistan itself, as well as those who view the Region as a gateway to the rest of Iraq. As other articles in this publication attest, the fact that Kurdistan has attracted investment from across the Middle East illustrates more clearly, perhaps, than any other development the change that has occurred in what was once a marginalized and forgotten part of Iraq.

EXPANDING INDUSTRY Development has been particularly notable in the hydrocarbons sector. Since February 2011, Kurdistan has been exporting 100,000 barrels per day and, with eight significant discoveries to develop and with potential reserves estimated at 45 billion barrels, the potential to export more in future years is already apparent.

If we consider the prospects for the development of the gas sector, the possibilities are perhaps even more exciting. In a recent article, Minister of Natural Resources Dr Ashti Hawrami noted that estimates of Kurdistan's gas reserves range between three and six trillion cubic meters. Noting the importance of gas, not only for domestic power generation and usage, but also for regional (Turkish) and international (European) usage, Kurdistan must surely have a prominent role to play as a gas supplier over the coming years. This potential has been seized upon by international investors already: there are now over 40 foreign



Former KRG Prime Minister Nechirvan Barzani (left) with KRG Minister of Natural Resources Ashfi Hawrami at the opening ceremony of the Khurmala oil field

companies from 17 countries investing some \$10 billion in the energy sector of the Region.

DIFFERENT APPROACH The Kurdistan Region has broken with the patterns of Iraq's past by seeking to limit the public sector's involvement across the board, and by embracing the private sector. This brave move was far-sighted and has had obvious benefits, particularly in improving living standards. The Kurdistan Region was, for example, the first part of Iraq to produce electricity generated from plants built through private investment, and the burgeoning construction sector across Kurdistan's cities has little, if anything, to do with the public sector.

With regard to the former, the KRG's plan to build a third refinery to serve two new power plants near Erbil and Sulaimania will bring closer the very real possibility of Kurdistan having round-the-clock power, and to also supplement the power supply to those major urban centers south of the Kurdistan Region.

From a standing start in 1991, the Kurdistan Region should not only be considered as a story of relative success. It is, quite simply, a global success story. As the Region moves further towards normalizing its relationship with the Iraqi government in 2011, particularly regarding hydrocarbons policy, the future is looking even brighter. ■



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In preparation for the privatization of utilities, we intend to expand our services to include the supply of electricity, water and recycling as part of the private sector using efficient modern methods and technologies that ensure the sustainability of essential services....." Tahsin Kader Ali



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Powering the Kurdistan Region

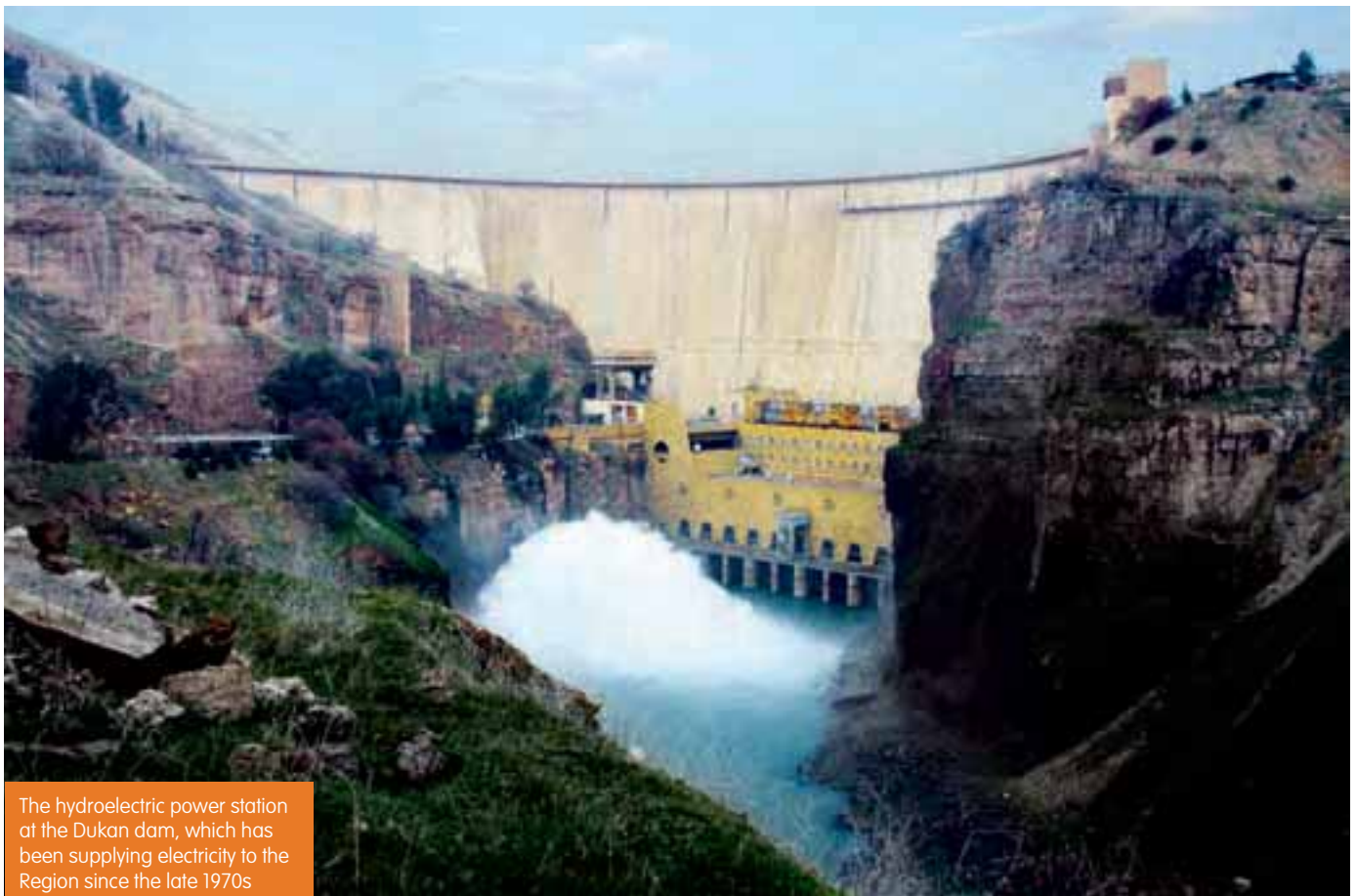
Yasin Hawati, KRG Minister for Electricity, highlights the benefits that a significantly improved provision of power has brought to the Region

When considering the development and reconstruction of the Kurdistan Region and all of Iraq, few issues matter more to citizens than the delivery of basic services. Chief among these concerns is

the provision of electricity, without which daily life is exponentially more difficult and economic achievement a tremendous challenge.

In other parts of Iraq, security hurdles and less proactive policies have left cities and towns with only a few hours of electricity each day. Several years ago, the KRG embarked upon a dynamic policy to ensure that our resources would be used to benefit the lives of our citizens. Rather than depending on the government to shoulder the entire responsibility, the KRG opened the bidding to qualified private firms. Our natural resources are now transformed into electricity through state-of-the-art refineries and power plants, and our Region currently enjoys up to 20 hours of electricity each day, and we are working to make that 24!

GAINING FROM EXPERIENCE There are two lessons to be learned from this. Firstly, we have illustrated how a forward-looking government can set the right conditions for private-sector success, which not only benefits companies, but also provides invaluable services to the people of the Region. This spirit of



The hydroelectric power station at the Dukan dam, which has been supplying electricity to the Region since the late 1970s

partnership has driven much of KRG economic policy and has exceeded all expectations in terms of electricity generation and distribution in our Region. Like most other economies around the world, the KRG acknowledges that the free market will allow the best firms to reach new and efficient solutions, so long as the government creates and enforces wise policies.

The second lesson is that such public-private partnerships can then catalyze development in other fields, creating a multiplying effect. The supply of electricity is a perfect example of this. The Kurdistan Region now has a number of modern medical centers, factories, shopping facilities, hotels, and other projects set to come online in the next few years. Common concerns for international and local investors include the assurance of regular services guaranteed in advanced economies: roads, water supply, and electricity. As we are now able to power factories, clinics, universities, and other facilities that require constant electricity —albeit with the assistance of back-up generators—sectors of economic activity that were previously a great challenge are now well within the range of our capability. We believe that, in a few years, the Region will produce enough electricity to meet all of our power needs and, potentially, become a net exporter.

SHARING THE BENEFITS The social impact of electricity is substantial as well. Private generators are expensive, and many of our citizens cannot afford such privately provided electricity. As the KRG progresses, it is essential that all of our citizens enjoy the benefits, and this is among the most tangible ways to ensure that

The delivery of electricity is a success, rather than a problem

everyone shares in our progress. Perhaps more than any other delivery of services, the provision of heat and light improves the standard of living of our citizens in towns and cities throughout the Kurdistan Region. And, as a secondary benefit, the provision of electricity also opens the door to greater opportunities for employment and better goods and services.

If you ask people throughout Iraq to name their two or three foremost concerns, aside from security, nearly everyone will mention electricity. Through a great deal of hard work and vision, the KRG, in association with the private sector, has ensured that the delivery of electricity is a success story rather than a problem.

To investors and those who are interested in establishing new companies or branches of multinational companies in the Region, welcome. The Kurdistan Region is open for business, and the lights will be on. ■



Residents of cities such as Erbil reap the economic and social benefits of improved power provision

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PB has 14,000 people in 150 offices around the world. We have been working in Iraq for more than 30 years. In 2004 PB re-established itself in-country to contribute to the re-development of the nation—from electricity networks in Kurdistan to transportation planning in Baghdad.

PB has offices in Erbil and Baghdad to ensure our clients of our commitment to the long-term future of Iraq.

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MASS is also operating in the cement industry, with a production capacity of nearly 5.5 million tons currently and is expected to reach 8 million tons in the forthcoming two years. Regarding the field of iron and steel production, capacity is 1 million tons annually and is likely to increase.

Thus, MASS provides the community with essential services, such as electricity, products essential for their construction projects, such as cement and steel, and other industrial and service projects.

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to operate and invest in any other country in need of services or products of use to its citizens.

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- Arbil Gas Power Station (AGPS), with a capacity of (875) MW
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- Dohuk Gas Power Station (DGPS), with a capacity of (500)
- Bazian Cement Factory, with a capacity of (4) million tons per year
- Al-Shamal Cement Factory in Atbara - Sudan, with a capacity of (1.5) million tons per year
- MASS for Iron & Steel Factory, with a capacity of one million tons of reinforced bars annually

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Erbil takes flight

Inside the state-of-the-art terminal building at Erbil International Airport



An interview with Talar Faiq Salih, Airport Director at Erbil International Airport

Erbil International Airport (EIA) looks like a fantastic facility. How did it happen that Erbil has what is, by any standards, an airport of international standing?

The construction and equipping of the new main airport terminal, runway, taxiways, and affiliated facilities was funded by the KRG at a cost of about \$400 million. The project began in 2004, building upon the previous limited facilities and constructing a greatly expanded, state-of-the-art airport, future-proofed for several decades. Erbil International Airport can now accommodate three million passengers a year and handle the latest aircraft, including the Airbus A380. Cargo traffic is handled in a dedicated facility that has greatly improved our overall warehousing capacity.

Our facilities have improved processes for passengers, reaching a level of quality and customer satisfaction that represents the key to success in today's world. EIA aspires to be an important port of entry not only for Kurdistan, but also for Iraq. Aside from typical aviation activities, EIA will develop an airport city, boosting the region's economy by promoting logistic centers,

tax-free zones, servicing the Erbil Industrial Zone, and promoting tourism from Europe and the Gulf.

Impressive, but just how big is EIA?

Based on 2009 statistics, we have 6,543 aircraft movements with an increase of 33 percent on 2008 traffic. Trend projection for 2010 is a further increase of 14 percent (Sept 2009–Sept 2010). EIA's growth exceeded the industry trend in the Middle East, being the only airport worldwide to have double-digit growth, according to IATA [International Air Transport Association] data. This spectacular result has to be put in the context of the economic crisis, which affected travel worldwide.

These traffic results produced a 15 percent passenger increase in 2009, followed by a 2010 trend (Sept 2009–Sept 2010) of 18 percent passenger growth. Once again, growth is higher than IATA Middle East forecasts and the EIA Master Plan forecast in its high-case scenario of growth. Concerning the cargo sector, more than 100,000 tonnes were handled in 2009. A slight, but steady, growth is forecast for 2010, considering higher-capacity cargo freighters are operating daily into Erbil and that average volume per movement has increased by more than 70 percent.

Erbil International Airport can now accommodate three million passengers a year and handle the latest aircraft

Erbil's new International Airport opened in September 2010



EIA can cope with passenger aircraft of all sizes

How well placed is EIA to cope with future demands?

EIA has the longest runway in the Middle East and the fifth longest in the world: it is 4,800 meters long by 90 meters wide. The runway is designed to handle the largest and heaviest aircraft on the hottest days of the year, when ground temperatures exceed 50°C.

The new airport infrastructure adopts the latest available technologies for air traffic control and security. EIA pursues excellence in safety and emergency response, having studied and implemented procedures based on best airport practices.

How many airlines and destinations are available from Erbil?

EIA has 13 aircraft operators flying to 24 destinations: Air Berlin, Air Sweden, Atlas Jet, Austrian Airlines, Etihad Airways, Fly Dubai, Gulf Air, Iran Air, Iraqi Airways, Lufthansa, Middle East Airlines (MEA), Royal Jordanian Airlines, and Viking Airlines. Amsterdam and Turkish Airlines are anticipated to begin passenger services to EIA soon. Air Arabia, Oman Air, and Qatar Air have also indicated interest.

Erbil is connected worldwide through the hub airports of Abu Dhabi, Amman, Bahrain, Beirut, Dubai, Frankfurt, Istanbul, and Vienna with direct daily flights. New routes and additional frequencies will improve EIA's connectivity to the world and to Europe.

EIA is in Kurdistan, but many visitors will look at the map and see it very much as being in Iraq, and will be concerned about their safety. How secure is EIA?

EIA has an exceptionally high level of security, with additional security measures found at few, if any, airports in the world. EIA is focusing on obtaining its Aerodrome Certification as per ICAO [International Civil Aviation Organization] recommendations. To do so, great efforts have been put into guaranteeing not just international standards of security, but also wider safety, airport operations, training etc. Investments in infrastructure and equipment have to be supported by proper personnel training, so as to meet, and exceed, international standards in all aspects of airport operations.

What are the challenges of running an airport in Iraq/Kurdistan?

Since day one, I was energized by having the opportunity to manage an airport and, even more so, to open a new one. Special attention was given to the operational readiness, transfer and start of operations of the new airport, which opened in September 2010. Now I am focusing my energies on developing a business and strategy plan for acquisition of new commercial carriers and cargo and logistics operators. The story of EIA is only just beginning. ■



OIL AND GAS

- Build-Operate-Transfer (BOT) Projects
- Build-Own-Operate (BOO) Projects
- Public-Private-Partnership (PPP) Transfer
- Rehabilitate-Operate-Transfer (ROT)

النفط والغاز

- مشاريع البناء والتشغيل ونقل (BOT)
- مشاريع التشغيل المملوكة ببناء (BOO)
- Public-Private-Partnership Transfer (PPP)
- مشاريع إصلاح تشغيل ونقل (ROT)



CONSTRUCTION

- Military
- Industrial
- Power
- BOT Projects
- Turn-Key Projects
- Renovations

البناء

- مشاريع (BOT)
- Turn-Key Projects
- الترميم
- التجديدات

- العسكرية
- الصناعي
- السلطة



Security

- Risk Assessment & Management
- VIP & Government Protection

الأمن

- إدارة وتقييم المخاطر
- حماية VIP و الحكومة



Logistics and Procurement

- Manpower Supply
- Transportation & Vehicle Leasing
- Materials & Equipment Supply

اللوجستيات والمشتريات

- تقديم العمال
- النقل و تأجير السيارات
- توفير المعدات و المواد



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- Sole Agent for the Middle East

I FEX Fire Fighting System

- الوكيل الوحيد في الشرق الأوسط



Sewage & Waste Mngmnt.

- Sewage System Planning and Construction
- Waste Disposal Management
- Sewage Treatment Plant

الصرف الصحي وإدارة النفايات

- تخطيط نظام الصرف الصحي والبناء وإدارة
- التخلص من النفايات
- معمل لمعالجة الصرف الصحي



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Making Kurdistan better connected



South Korea's Ambassador to Iraq, Ha Tae-Yun, and then Kurdistan Prime Minister Nechirvan Barzani share the honor of cutting the ribbon at the opening ceremony for the KRG's IT Academy in Erbil, September 2009

Botan M Osman, Head of the KRG's Department of IT, outlines the government's strategy for the development of information technology across the Region

Many governments worldwide have realized the impact of information technology (IT) and the important role that it plays in modernizing governments, in enhancing government services and, subsequently, in contributing to economic development.

In the Kurdistan Region, the growing need for IT development was seen as a priority in the fifth cabinet of the

Kurdistan Regional Government. Under the auspices of the Prime Minister, the Department of IT was established in 2007. Our task was to lead the development of IT and to modernize the KRG through a unified IT policy.

We are leading the modernization of the Kurdistan Region through the five-year KRG IT Strategy. Top experts from PricewaterhouseCoopers in India, the Middle East, Europe and the UK are dedicated to ensure that the KRG gets it right.

We believe that the development of the strategy has been one of the most participatory processes ever undertaken in Iraq.



Young people will benefit from improved IT services

More than 700 active participants from KRG institutions, NGOs and the private sector have been involved in the development of the IT strategy.

Throughout 2009, the initiative analyzed every institution in the KRG, comprehensively understanding and documenting the way the government functions as a whole. This participation, understanding and global expertise has resulted in a strategy that is innovative in nature, local in context and global in its experience. The draft KRG IT vision, mission, and objectives have been developed using the comprehensive information gathered and stakeholder and public participation.

The vision which has been developed is: “Modernising our government through the use of technology to better serve our people, enable government services, and make it easier to live, stay and do business in our Region. A transformation achieved through the participation of every individual challenging themselves to make affordable e-Government equally possible for all.”

The KRG Department of IT is tasked with achieving Kurdistan’s vision through a mission that focuses on driving technology in government to build capacity and modernize public services, with a focus on seven domains; IT capacity, infrastructure, IT governance, applications and e-services, IT private sector and IT penetration, IT funding and spending, and law and regulations.

There are 38 objectives across all the seven domains described; these are being converted to over 1,000 pages of

detailed architectures, plans and projects, which will provide a clear and detailed roadmap for the future of our development.

The KRG IT Strategy has mapped out a comprehensive development plan over the next five years that aims to invest more than \$500 million in the modernization of the KRG and the development of Kurdistan’s IT sector.

The business opportunities are vast, and we are working on finding the best private-sector partners to help us achieve our vision. We have established a vendor registration form at our website (www.krgit.org) to enable companies to register with us. Our aim is to have a fair, competitive, and transparent environment for all IT companies to innovate and succeed in the KRG.

In line with our transparent approach, we will host all our tenders online, and provide our citizens with frequent updates on project progress. When we partner with a firm to deliver a solution, the citizen is the ultimate client; we will be jointly accountable for the successes and failures of projects. This creates a level of trust between all parties that leads to the best possible results.

This is a unique opportunity to start almost from scratch; the potential to do things well and in line with best practices right from the outset is exciting. We can create something together that is fresh and does not require us to worry about legacy. Those involved in this sector over the next five years can truly lay claim to being part of establishing a model IT environment in the Kurdistan Region.

The development of a Kurdistan IT Private Sector is an imperative objective over the next five years. Fair and transparent competition, combined with the fostering of innovation, is the key to the formula that will help us one day achieve Kurdistan’s version of Silicon Valley.

We are setting up schemes to encourage and assist global IT companies enter into the Kurdistan market. We will endeavor to provide global firms with the insight necessary to hit the ground running. We ask all major IT companies to register with us at www.krgit.org and partner us in the development of the IT hub of the future. The Iraqi market is wide and deep, the opportunities are vast. Let’s make Kurdistan the future platform for IT development in Iraq, as well as the wider Middle East.

Making it easier to do business in our Region is a key element of our KRG IT vision. Over the next five years we want to continually improve the way companies interact with the government. Starting from access to information about various industries, to applying for visas and residency online, to registering companies, applying for government tenders, and much more. The ease of doing business in Kurdistan will be measured and improved year on year. ■

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**Nokia Siemens
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Christian Boczek,
country director,
Nokia Siemens Networks Iraq

Nokia Siemens Networks



How long has Nokia Siemens Networks been present in Iraq?

Nokia Siemens Networks (NSN) has been present in Iraq since 2004 and continues to work with operators in Iraq including Asiacell, Korek and Zain. We have three main office locations in Baghdad, Erbil and Sulaimanyah with a fourth office planned in Basra soon. As of June 2011, we have more than 200 employees dedicated to our Iraq operations, either locally employed or supporting Nokia Siemens Networks customers in Iraq out of other countries in the Middle East, Africa and Europe. These employees are working across various functions such as services, sales, finance and managed services. We tap into our global experience, research capabilities and technology and solutions expertise to better serve our customers in Iraq. Managed services is a core strength of ours and we strongly support operators in this area.

Green energy and energy-saving solutions are also strengths of Nokia Siemens Networks. We offer Iraqi operators solutions that are energy-efficient, environmentally sensitive and use recyclable components wherever possible.

Elaborate on an example of your efforts in Iraq

One of our customers needed to grow its network capacity and service capability to deliver a profitable and high-quality customer experience nationally. Having acquired a competitor's assets and subscribers, that customer challenged us not only to lead the integration and modernization of the two infrastructures (one based on one of our competitor's equipment, the other on one of our parent company), but also to increase their combined capacity by 50 per cent.

Throughout the network integration process, Nokia Siemens Networks engineers took every opportunity to measure the impact of the technical changes on the quality of the end-customer experience.

Our experts also helped two of our customers in Iraq to identify general weaknesses in their networks (radio, transmission, international gateway, route optimization), to

improve customer satisfaction and generate new revenues. As a result, both customers now enjoy a seamless national service with improved key performance indicators in all areas.

The networks quality improvements enjoyed by these two customers will no doubt help in boosting their companies' top lines.

Hiring local experts is an essential HR policy of Nokia Siemens Networks. And we strongly believe in investing in local talent in whatever country we operate in. Similarly, in Iraq our endeavors are on similar lines.

What is the telecoms and internet situation in Iraq?

With three GSM operators operating in Iraq, there is competition in this sector, which ultimately benefits the Iraqi people. However, the mobile sector is almost exclusively dependent on prepaid services. Hence, mobile average revenue per user rates are consequently low (as of Q110, blended country ARPU for Iraq was US\$14, while the average for the Middle East was US\$22). Currently, all mobile operators in Iraq operate only a 2G network. 3G licenses are expected to be issued in 2011. A fourth mobile operator launch is also expected in 2011. However, high security costs weigh in on operators' investments.

The Iraqi government is looking at deploying a new fiber network across the country, because the original core fiber backbone was heavily damaged during the war. Plans are underway but no timeframe has been finalized. Internet services were introduced to Iraq in 2002. Since the war, internet take-up has grown significantly because of increased availability of broadband wireless access (BWA) services by WLL operators, and also by the unregulated use of VSATs. There are an estimated 500,000 internet users in Iraq at present, which is a little less than two per cent of the country's population, giving plenty of room for internet growth in Iraq.

We have a deep understanding of telecom customers in Iraq and the economic and business challenges faced by operators. We bring technology and solutions, global knowledge and vast experience that will benefit the telecom landscape in Iraq.

The power of information



Botan M Osman

Embracing the rapid advancements of the electronic information age is vital for keeping the Region and its people in touch with a new world, says Botan M Osman

The end of the 20th century marked a period of preparation for something that none of us imagined. It was the foundation for an information and technological explosion fueled by the advent of the internet and advancements in computing.

The rapid technological changes that took place at the start of the 21st century have altered the way we do everything. Governments are rethinking their governance models; companies are reshaping their global presence; and traditional media is trying to catch up with an information flow fueled by blogs and social networks. Increasingly, the individual is realizing that, without an online footprint, your relevance to this new world is reduced.

This electronic information age has changed the survival tactics of the human race. It is no longer viable to make significant progress in any field without truly embracing information and communications technology (ICT). Even democracy has seen a significant change in the way the public participates. Public officials are increasingly signing up to Twitter and Facebook, as the public demands almost daily updates on how their countries are being governed. Government institutions are constantly thinking of new ways to meet the transparency demands of their stakeholders, while economies around the world have recognized

ICT as a requirement for growth. The significance of ICT is no longer a topic for debate. Those who embrace it progress, while those who don't get left behind.

An example of being left behind can be seen in Iraq. We have been isolated from global technological development since the early 1980s. Only after 2003 were we able to start thinking about how to catch up. The negative effect this has had on Iraq can be seen in all sectors of the economy and in all parts of society.

The Kurdistan Region has made great strides in ICT since 2003. The setting up of the KRG Department of IT in 2007, tasked with the establishment of an 'e-KRG', was a clear sign that we are ready to embrace the future. However, there is much more to do. Through the KRG IT Strategy, the next five years have been mapped out, with hundreds of projects and detailed initiatives, and an ambitious spending plan that is set to achieve much of what we have been hoping for.

There are still many people who fear information, because in our history it has been mostly used against our people. Where information was once a source of authority and power for suppressing and harming the people of Kurdistan, today and in the future it will be used for the development of our government institutions to ensure they deliver better services to our citizens.

After many years of seclusion, the Kurdistan information society is interfacing with the rest of the world. Transparency, information sharing, and civic engagement are at the forefront in the modernization of our Region.

Internet penetration is another important area that is in need of serious improvement, as we realize that having a connected Region enables us to increase the pace of our development. There must be increased competition in the internet and broadband sectors in Iraq in order to drive down prices, and we believe that this can be done with smart regulations and privatization. To enable the growth of internet access over the coming years, we must let the private sector flourish, and allow the government to intervene only when necessary.

Censorship and maintaining an open internet are other important areas that must be approached with extreme caution.



Social networks, such as Facebook, have revolutionized the sharing of information

It has been demonstrated through many examples around the world that censorship simply does not work and holds back the prosperity of societies and economies. Censorship goes against the entire purpose of the internet, its unlimited power, and its potential.

The Kurdistan Regional Government is adamant that the internet in our Region must remain free from censorship. An open internet is the key to our future. We are aware that cultural

factors may mean that certain content is undesirable; however, we must tackle this through increased awareness for individuals and families, leaving the choice down to them.

The future of Kurdistan is now in our hands. The internet has become a fundamental part of progress. We must not allow anything to deny the people of Kurdistan an online presence worthy of their desire to join the global information society. ■

Scania is one of the world's leading manufacturers of trucks and buses for heavy transport applications

Scania is represented by approximately 100 national distributors, which organise sales and workshop services worldwide. More than 1,500 service points offer quality support to customers.

In Iraq, Scania's history dates back to the early sixties. For many years, Iraq was one of the company's most important markets worldwide. At the peak in the early eighties, sales totalled 3,900 trucks in a single year. This gave Scania the opportunity to develop products perfectly suited to Iraqi conditions, north and south.

Scania has re-entered the Iraqi market with a clear goal of regaining a strong position. The sales and service network is currently expanding at a rapid pace, and the first Scania sales and service centre in Kurdistan was inaugurated in Erbil earlier this year. The long-term goal is to have a high-quality sales and service network that provides the best operating economy and boosts the productivity of all Scania customers in Kurdistan and Iraq.



SCANIA
www.scania.com

Farming for the future



Replacing old techniques and equipment will raise the yield from Kurdistan's farms

Jamil Haider, KRG Minister of Agriculture and Water Resources, describes the Region's five-year strategy for modernizing its farming sector

The KRG Ministry of Agriculture and Water Resources is implementing a strategically significant plan in producing and preserving the arable land within the Kurdistan Region. The land is ideal for the agricultural sector and is capable of supporting food production for the Region's population and generating income from exported sales to the surrounding area. The agricultural sector is the backbone of our economy and is one of the most important factors in the current socio-economic development of the Region.

The Kurdistan Region is renowned for its arable land, fertile soil, ideal climate, and abundance of water resources, all of which are perfect for the agricultural sector. In 2009, a five-year strategic plan was initiated to achieve food security and self-sufficiency, with the main focus being the preparation and production, marketing and distribution of agricultural goods, and for the KRG to provide assistance to local farmers in getting the goods out to the market for consumers.

Firstly, the aim of the plan is to better prepare a new generation of farmers through returning the lands to them and changing their traditional role. The KRG assures farmers of ownership of their land and provides support in legal procedures. It also provides training and guidance in implementing strategically suitable plans for their land, as well as promoting methods of farming using modern technology.

Secondly, we wish to attract foreign investors toward the agricultural sector and water wealth in the Kurdistan Region through Investment Law No 4 of 2006, which grants foreign investors great privileges, such as providing land for agricultural usage. With this initiative, we want to improve the capacity of agricultural projects and increase the number of research centers, in terms of experimental laboratories and institutions, for both organic and chemically enhanced products.

The people of this land are connected by their ambition to provide and secure food requirements for the Region. With proper planning, the intervention of experts, and the incorporation of modern technology, such goals are within the KRG's reach.

The KRG supports and welcomes experts to the Region to develop new technological projects and assist the agriculture sector



This five-year strategic plan, implemented by the Ministry of Agriculture and Water Resources, will assure local farmers of interaction and partnership with foreign companies, opening doors for further partnership and, perhaps, global investment opportunities for local farmers.

While realizing that our mission is quite simple, the more complicated factor of the equation is implementing better farming practices and encouraging consumers to buy the locally harvested produce. Pricing of produced goods is a huge factor, and we hope to establish a balanced set system for this challenge.

How does KRG address some of its agricultural challenges? Perhaps a practical solution would be to examine the agricultural practices of the international community and encourage foreign companies to invest and provide expertise to local farmers. International companies can assist in finding solutions to current agricultural problems, as well as implementing better agricultural practices and initiating a producer/consumer relationship, which can contribute to the improvement of the current economic situation, both domestically and internationally; a 'from-farm-to-fork' strategy to complete the cycle.

Since agriculture is a vital factor in our economy, the KRG aims to eliminate old-fashioned agricultural practices and will focus on providing regional growers and the new generation of farmers with modern equipment and technology. Once this vision has been realized by local farmers, the proper usage of arable land will translate into improved farming opportunities. Thus far, the five-year plan has been aimed at targeting the planning, preservation, production, and promotion of locally harvested goods over imported produce.

CURRENT STRATEGIC PROJECTS OF THE MINISTRY OF AGRICULTURE AND WATER RESOURCES

1. Establishment of fruit orchards, cultivation of olive and pistachio trees;
2. Cow-breeding and construction of dairy projects, and, when necessary, establishing partnership with farmers in order to provide forage;
3. Expanding pastry factories and the preserving and drying of fruits and vegetables; establishing partnerships with local producers to provide factories with initial produce;
4. Post-harvesting guidance, including advice on grading, canning, marketing, necessary machinery, and storage requirements;
5. Establishment of irrigation projects, including the building of dams and irrigation channels, investment in machines to implement new irrigation systems, and pumps for agriculture projects.

With proper planning and the implementation of new agricultural practices, the KRG aims to achieve self-sufficiency and food security in the agricultural sector, which is playing a leading role in the socio-economic development in the Kurdistan Region. The KRG supports and welcomes experts to the Region to develop new technological projects and assist the agriculture sector with aspects in which it is lacking. Such projects can generate great commercial success for interested investors. ■

Resurrecting agriculture



Kurdistan has a range of initiatives in place to optimise the Region's agricultural sector

Improving and managing Kurdistan's abundant water supplies is a key part of revitalizing rural areas, explains Professor Gareth Stansfield

Kurdistan is a fertile land. With its rich soils, abundant winter rainfalls, and significant groundwater reserves, Kurdistan has often been described as a breadbasket capable of not only feeding the population of the Region, but also exporting to her neighbors.

Yet this represents only potential and not the reality. Currently, Kurdistan remains a net importer of products. Rural areas are still recovering from the legacies of conflict since the 1970s, which saw the systematic destruction of the rural environment by the Ba'ath regime. Combined with the effects of the embargoes and economic emergency management of the 1990s, which resulted in a collapse of the domestic agricultural sector following the emergency import of foodstuffs implemented

by the UN, Kurdistan's agriculture sector remains very much a work in progress. However, it is a crucial factor in the Region's future development. It should also be a straightforward one, as the raw materials of a vibrant, successful agricultural industry are all present: fertile soils, good water supplies, extensive local knowledge and, just as importantly, the political desire to succeed.

Visitors flying into Kurdistan cannot fail but be impressed by their first view as they descend towards Erbil. Snow-capped mountains falling into green hillsides, interspersed with broad rivers, and opening out into wide agricultural plains, all point to what should be a prosperous, extensive agricultural sector. No less than five major rivers flow through Kurdistan, each of them joining the Tigris as it flows south. The Great Zab, Khabour, Lesser Zab, Awa Spi, and Sirwan rivers are all significant resources in their own right, with each flowing through a different part of the region. Three major dams—Dohuk, Dukan, and Darbandikhan—control and

Kurdistan has often been described as a breadbasket capable of not only feeding the population of the Region, but also exporting to her neighbors

regulate these rivers, and there are a further eight dams under construction or being planned: Basra (in Kurdistan, not in the south of Iraq), Taq Taq, Kheawata (Qalacholan), Gomaspan (north-west of Erbil), Mandawa, Bakorman, Dewana, and Ashi Baram. Water is everywhere in Kurdistan, and is soon to become much more accessible to the agricultural sector.

With these developments and others in mind, the Ministry of Agriculture and Water Resources has embarked upon an extensive five-year plan, with the aim of bringing as much agricultural land into production as possible. The plans for the development of water resources have high targets. The Ministry aims to supplement the current 5,000 small earth canals that exist with a further 650 concrete irrigation projects, built to the highest international specifications. A total of 15 large irrigation projects are also being commissioned to complement the three already in place. Five hundred ponds will be made, and 19 new small dams will be constructed to bring the total to over 30. In addition, the Dohuk, Dukan, and Darbandikhan dams will be recommissioned to provide water for irrigation projects. Through this plan, the amount of irrigated land is expected to at least quadruple from 283,400 to 1,195,400 donums (a donum measures 2,500 sq m).

Why does Kurdistan, with its population of 4.9 million, need this amount of land devoted to the agricultural sector? The answer is simple: the KRG aspires to self-sufficiency of the food basket for the entire Region, with the agricultural sector also playing a leading role in the socio-economic development of Kurdistan. This aim requires the Ministry to formulate detailed plans for managing the Region's water resources (surface and subsurface), coordinating agricultural water usage with domestic supply, ensuring that groundwater supplies are managed in a sustainable manner, and putting into place measures to resurrect the agricultural sector, before developing it into a vibrant, sustainable, and extensive feature of Kurdistan's economy.

The Kurdistan Region clearly has a long way to go to fulfill its agricultural ambitions, but there is confidence locally that, with political support and the involvement of foreign investors and skilled advisors, its vision has every chance of being realised.

Plans to produce everything that Kurdistan needs require an exponential increase in the yields of the Region's crops across the board—and initiatives are in place to double the vegetable yield from 300,000 to over 600,000 tonnes, and the fruit yield from 53,000 to 250,000 tonnes by 2013. The KRG's plans also envisage a significant increase in meat, dairy, and poultry production—enough to satisfy local demand and even to export. All of these advances require an equal development in food processing, and the plans call for an additional 33 large processing factories to be built by 2013. Agriculture is of great importance to the Region, and will be even more so as the years go on. ■



There is no shortage of water for crops in Kurdistan

Working towards a citizen-centered healthcare system



Vian Rahman interviews Dr Taher A Hawrami, KRG Minister of Health

For readers who are new to Kurdistan's healthcare system, can you give an overview of how it works?

The healthcare system of the Kurdistan Region, and of the rest of Iraq, is divided between public and private doctors, clinics and hospitals. Public and private healthcare have operated in parallel for many years, so this is a well-established feature of our system. Public healthcare is free of charge. Private healthcare is paid for at the point of use, as there is almost no private health insurance.

Each governorate has its own Directorate of Health. The governorates are divided into districts, which are in charge of hospitals, primary health centers, and secondary and tertiary centers in their areas.

How is public healthcare funded?

The Kurdistan Region as a whole receives 17 percent of the Iraqi budget—though, in reality, we often receive less than this—and the KRG decides how much of our share to spend on health. So we have

quite a degree of independent decision-making over our health expenditure and planning. However, we have less control over medicines, as we receive about 40–50 percent of our medicine needs directly from the Federal Ministry of Health in Baghdad.

How would you rate the state of your healthcare system?

It's a mixed picture. If we compare it to the 1990s and early 2000s, when we were under a double embargo and the economy was in very bad shape, our system today is much better. Now we can spend more on health and, with a better security situation, the number of beds per population and hospital visitor rates in Kurdistan are higher than in the rest of Iraq. We also have enough doctors, nurses, paramedic staff and non-medical staff, so there isn't a shortage of personnel.

However, we have some basic problems that we are trying to address. We need to move the focus towards primary healthcare and preventive medicine. We have a patient-centered system, which needs to become a citizen-centered system. On average, there is one primary health centre (PHC) per some 5,700 people. While this is much better than in the rest of Iraq, many patients still go straight to hospital for primary needs, partly because of



Healthcare is split between the private and public sectors



Erbil Hospital

old habits and partly because some PHCs are not offering the level of care that they should.

How do the private and public sectors work together?

Both systems have operated simultaneously in Iraq for many years. On the one hand, private hospitals, and doctors in their private practices, offer efficiency, speed and quality, and help to take the pressure off the national healthcare system. And, recently, some new joint public-private initiatives have been benefiting both. For example, the construction of the Medya Diagnostic Center and the Erbil Cardiac Center were funded by the KRG, but they are operated by the private sector and take both private and national health cases.

However, there is also conflict between the two systems, and this has to be tackled. Many doctors work in both the public and private sectors, and this sometimes causes a conflict of interest. There is a shortage of public-sector doctors, particularly in family medicine. They have a heavy workload and very full clinics. Given the benefits and rewards that they find in their private practices, it's not surprising that many of them dedicate fewer hours to the public sector, which inevitably suffers.

The conflict is symptomatic of an over-reliance on doctors, when many of their tasks can, and should, be done by nurses, paramedics, occupational therapists, physiotherapists and mental-health workers. This would take the pressure off doctors.

So why aren't the other healthcare workers doing those tasks?

Because of the skills gap. I'm very pleased to say that, in Kurdistan, nursing has now become respected, and we have roughly equal

numbers of men and women in the profession. However, very few of our nurses have done four years of study at the College of Nursing. Most have only had some training straight after middle or secondary school, or two years at a medical institute. Bridging the skills gap for all healthcare workers is one of our priorities.

What are your main policies?

Our aims are to have a healthier population, and to offer the best possible healthcare that we can with our budget. This means strengthening preventive and primary healthcare, improving management and infrastructure, and providing continuous professional development to our doctors, nurses and other healthcare workers.

What opportunities exist for foreign organizations or companies to work in Kurdistan's health sector?

Foreign universities and training institutions can help us a great deal with ongoing training and education, not only for medical staff but also for our managers, administrators and data controllers. There may also be opportunities for public health experts who can advise us on cost efficiencies, drug-supply management, and data-management systems. We have already run some training programs with Jordanian institutions, and we are in discussions with British universities, teaching hospitals and the Royal Colleges. But we need to overcome the problem of the UK visa-application process. In the private sector, foreigners who wish to set up private hospitals, clinics or other health services could qualify for incentives under the Kurdistan Investment Law. Those opportunities are certainly worth exploring. ■



Investing in the future: a commitment to education

The Region is making rapid progress in this area, writes Safeen Dizayee, KRG Minister of Education

The KRG will find no better investment than the education of the Region's children. No capital investment can, in the long run, match the returns that will be achieved from an educated population, capable of competing in the global economy.

My colleagues have presented articles outlining the visions and plans of their ministries and departments, and I believe the accomplishments of the KRG over the past few years prove that we are, indeed, on the right track for development. There is ample reason for optimism. The role of the KRG Ministry of Education, I believe, is to facilitate system-wide improvements in teaching capacity and methodology, but also to inspire a culture of learning, to nurture an appreciation of knowledge, and to encourage the spirit of teamwork and partnership. The success of our programs will benefit KRG initiatives in various sectors, from agriculture to IT, and will provide capable and eager students ready to engage in higher education and energize our workforce.

Because our children will guide us in the years to come, education reaches across all industries and services in the public and private sectors. Creating an integrated, modern educational infrastructure is an enormous task, requiring the combined efforts of thousands of dedicated teachers, administrators, and experts.

The cost, however, pales in comparison with the benefits. The knowledge absorbed by our children does not fade, unlike buildings or roads. The investment of resources in the education of our children is far more sustainable. Also, it allows younger generations to capitalize upon their knowledge and skills to contribute to our Region and create better, more efficient, more innovative solutions. It is the sustainability, and the universal application and utility, of education that makes our task so important.

Thankfully, the KRG has proved forward-looking in this regard, and has committed itself fully to the importance, and necessity, of providing the educational skills required to compete in today's economy. I will outline briefly some of our most important initiatives, focusing chiefly on primary education.

In any society such as Kurdistan's, with its history of underinvestment and conflict, literacy is a major concern. Over the past decade, we have worked hard as a government to reduce illiteracy rates, particularly between the ages of six and 15. Our efforts have been successful. In 2000, the illiteracy rate in Kurdistan was an unacceptably high 37 percent. This has been reduced to 17 percent in 2010—still far from acceptable, but clearly improving. We also prioritize not only the teaching of English alongside Kurdish, but also, as our society is multi-ethnic, the teaching of Assyrian, Aramaic, and Turkmen for those particular communities, which we have introduced.

We have also striven to ensure that boys and girls are given equal opportunities to realize their own potential in a supportive environment. This is an important fact to emphasize—in Kurdistan, boys and girls are equal in their rights and in how they are taught. To achieve this supportive environment, we aim to train our teachers to the highest standards and ensure they have the appropriate skills for them to best develop our children's potential.

There remains much more to be done. In the past, our people were deprived of a proper system for educating and nurturing our children. We have worked fervently to create an atmosphere of learning—and to build enough schools in which to train our young students. The coming years will see further improvements and more steps forward.

Investors and entrepreneurs who are exploring opportunities naturally consider the quality of labor skills available in the local market—whether in the Kurdistan Region or elsewhere. Each year, we will produce graduates with a more robust knowledge base, sharper skills and greater global awareness.

I do not claim that our education system is on a par with those of the most advanced nations in the world, but we are improving rapidly. I am confident that private companies, both local and international, will find thousands of talented, capable, and willing young men and women eager to explore employment opportunities and put their skills to work. In the meantime, our schools will grow, our programs will develop, and Kurdistan will continue investing in the future by investing in its children. ■

Universities in Kurdistan: developing the tertiary sector



Reliable, high-speed internet connectivity is one of the targets of the Region's investment in universities

Professor Dlawer Ala'Aldeen highlights the programs designed to improve the prospects of the Region's students and provide benefits for global partners

The Ministry of Higher Education and Scientific Research (MHE-KRG) has initiated a major reform program for modernizing and decentralizing the higher-education system. It is the vision of the people of Kurdistan, including government officials, administrators, and faculty members to improve the quality of the institutions of higher education and have them counted among the best in Iraq,

the Middle East, and the world. To ensure this vision, the Ministry has begun the transfer of power to university administrators so that they can control their own institutions financially and academically. The Ministry's role will focus on strategic planning, funding, and auditing, while ensuring quality and equality. To stabilize the vision, laws relating to higher education will soon be realigned in collaboration with KRG parliamentary officials.

Several mechanisms enabling partnering relationships to improve and develop human capacity through higher education have been put in place:

- **THE NEW PHD PATHWAY** calls for split-site PhD supervision in which doctoral students from Kurdistan will complete their research with a professor in a foreign centre of excellence, in collaboration with a professor from Kurdistan;
- **THE HUMAN CAPACITY DEVELOPMENT PROGRAM (HCDP)** is a major scholarship initiative that was launched this year for students from the Kurdistan region to study in foreign countries. HCDP is committed to providing \$1 million a year in scholarships to send Kurdistan Master's and Doctoral students to the best universities around the world;
- **STUDENT AND FACULTY EXCHANGE PROGRAMS** are ready to be instituted now that Kurdistan enjoys a stable environment and daily flights from Europe;
- **TEACHING OPPORTUNITIES** for expatriates in Kurdistan abound in both public and private universities;
- **SABBATICALS TO TEACHING STAFF** will be offered by the Ministry to allow them to collaborate and carry out joint research with international university colleagues.

Programs such as these will ensure rapid improvement in research production, teaching methodologies, and curriculum content, all of which are critical for the rapid improvement of higher education. Kurdistan is also making a major investment in higher education, totaling nearly \$2.3 billion with the construction of campuses.

Despite massive expansion of its communications infrastructure, Kurdistan has yet to realize the goal of constant, dependable, high-speed internet connectivity—absolutely necessary for academic growth and a modern requirement for research activity. Kurdistan's universities will require laboratories and equipment with all the accoutrements of modern technology, as well as the ability to apply new knowledge and skills.

The Ministry of Higher Education is looking for solutions, joint ventures, and outsourcing from global partners to provide the mutual benefits of the high demand and inadequate provision of post-secondary education; an environment where there are more students than the universities can accommodate.

Encouraging branch campuses of selected international universities brings an immediate increase in the quality of higher education. In Erbil, the private French-Lebanese University has met with major success and is in the process of expansion.

Twelve private universities have been established since 2006, the year in which the Ministry of Higher Education and Scientific Research was established by the KRG. In addition, private universities are investing in Kurdistan; these include the

American University of Iraq in Sulaimania, which has raised over \$100 million to complete a new campus and serve its current enrollment of 500 students.

The Ministry is committed to these goals, and hosted an annual international conference in December 2010 that brought together ministers, presidents, and professors of higher education from around the world to enable collaboration, networking, and opportunities of mutual benefit.

Kurdistan is experiencing an educational boom fueled by an economic boom, evidenced by \$5 billion spent in construction over the last five years. Opportunities exist for investors to install systems, centers, and campuses. We remain confident that, with global partners, we can manifest the highest quality for higher education for the people of the Region. ■

ESTABLISHED UNIVERSITIES

- Hawler Medical University
- University of Dohok
- University of Koya
- University of Salahaddin
- University of Soran
- University of Sulaimania

NEW UNIVERSITIES OPENING 2010-11

- University of Garmian
- University of Halabjah
- University of Raparin
- University of Zakho

THE VISION FOR SCIENTIFIC RESEARCH

- Connecting scientists of the Region with the world;
- Sending professors on scientific scholarships;
- Establishing an international system for PhD degrees;
- Hosting annual international conferences for scientific research

THE VISION TO INCREASE THE QUALITY OF HIGHER EDUCATION

- Quality-assurance systems;
- Continuing education programs for academics;
- Broad curriculum upgrades;
- Undated Master's degree programs;
- English-language programs;
- New student-admission systems

Kurdish culture: modernity versus tradition

After generations of suppression, Kurdish culture is changing due to the combined effects of technology and global influences, says Hashem Ahmadzadeh

As a people existing in a varied land and with many neighbors, the Kurds have a rich and varied culture, imbued with deep traditions and now colored increasingly by the impact of modernity. Far from

the influences of modern lifestyles, the cultural productions of Kurdish societies were mainly oral. Ballads and songs reflected the various aspects of Kurdish social and cultural peculiarities, while poetry was, until the 19th century, the only manifestation of Kurdish culture in the field of written literature. The rich oral literature, alongside the classical poetry, promoted the distinctiveness of the Kurdish ethno-linguistic group.



Traditional aspects of Kurdish culture coexist alongside modern forms of artistic expression and entertainment

Profound changes in the social life of the Region and the ambitions of a highly educated and modernized society have opened new horizons for Kurdish culture

Owing to various geographical, political and cultural reasons, the Kurds were not radically affected by the modernization policies adopted by the Ottoman and Qajar empires that governed Kurdistan in the 19th century, and traditional ways of life continued uninterrupted. But this was to change in the early decades of the 20th century. The formation of the new nation states of Iraq, Turkey, and Syria, alongside Iran, caused a spread of nationalism among the Kurdish elite, who also demanded a new Kurdish state.

REGIONAL RESISTANCE The aim of the new states was to establish ethnically based nations at the expense of denying other ethnic groups, including the Kurds, and their linguistic and cultural features. This caused a backlash, paving the way for radical changes in Kurdish cultural life. Kurdish journalism, modern poetry, short stories and novels were among those cultural productions that demonstrated the arrival of a new era in the Kurdish societies.

But the oppressive politics of the new states did not allow harmonious development of the new Kurdish culture. In fact, the policy of modernization conducted by these highly centralised states, especially in the field of culture, made the Kurdish language a political phenomenon that was considered a threat against the center. After being banned from the field of education and administrative departments, the Kurdish language struggled to survive and reach the late decades of the 20th century.

CULTURAL REAWAKENING The political changes in the Middle East towards the end of the 20th century contributed to the modernization of Kurdish culture more than ever before. The 1991 Kurdish uprising in Iraqi Kurdistan, and, consequently, the establishment of a de facto independent entity, radically changed presuppositions for the resurgence of Kurdish culture.

Having now been the language of education and administration for about two decades, the Kurdish language has reached an unprecedented level in its development. The presence of five daily newspapers, numerous weekly and monthly journals, and more than 20 satellite TV channels both in Kurdistan and in diaspora have modernized Kurdish culture significantly. The existence of advanced publishing houses in Kurdistan and their prolific publication of books, the increasing number of universities

The Region's burgeoning media sector produces a wide variety of Kurdish-language publications



with their tens of thousands of students, alongside modern means of communication, have all helped to transform Kurdish culture.

The growing expectations in social and cultural life, due to greater security in Kurdistan and the economic development of the Region, have opened new cultural horizons. This modern culture, having absorbed many global influences, has challenged Kurdish traditions. However, the traces of traditional culture, especially in the social domain, are in their turn a challenge to the effects of modern culture. The heavy presence of the latest communication technology in Kurdistan, and its conflict with traditional values, requires well-planned social and cultural engineering to provide a more harmonious way of life.

The profound changes in the social life of the Region and the ambitions of a highly educated and modernized society have opened new horizons for Kurdish culture, which is in search of new ways of being articulated. This new situation encourages investment in various fields of cultural life, such as modern technologies of language-teaching, publishing, translation, education, film and television, sports, and tourism. The rapid modernization of the Kurdish societies is not only challenging traditional collective cultural patterns, it is promising an exciting future for all those involved in Kurdistan. ■

Kurdistan's multi-ethnic society



With the majority of the population being Muslim, mosques are a frequently seen feature of Kurdistan's landscape

Hamit Bozarlan, director of studies at EHESS in Paris, explains how and why differing communities have brought religious and linguistic plurality to the Region

The overwhelming majority of Kurdistan's inhabitants are Kurdish-speaking Muslims; still, Arab and Ottoman imperial pasts—as well as the mandate, Republican and Ba'athist legacies—have shaped a religiously and linguistically diversified “Kurdistani” society, a term which is often used by Kurdish intellectuals and politicians. These different groups have complementary, yet specific, historical trajectories, group identities and memories, and, naturally, also distinct religious hierarchies or secular representatives.

As Ora Shwartz-Be'eri's magnificent book *The Jews of Kurdistan: Daily Life, Customs, Arts and Crafts* (Jerusalem, The Israel Museum, 2000) attests, historically, the Jews constituted one of the most important components of the Kurdistan society, before their migration from Iraq in the 1950s and 60s. Many of them kept alive the nostalgia of their original home, and some members of this diaspora realized an emotional pilgrimage to Kurdistan after the fall of the Ba'ath regime in 2003.

The material collected by Mirella Galletti (*Cristiani del Kurdistan*, Rome, Jouvence, 2003) shows that the Assyrians and Chaldeans, who belong to the oldest Christian communities in the world, have always occupied an important place in Kurdistan's urban and rural landscapes. Many members of these communities,

Arab and Ottoman imperial pasts have shaped a religiously and linguistically diversified “Kurdistani” society

which were victims of massive repressions during the late Ottoman period and in the aftermath of Iraq’s independence in 1932, have participated in the Kurdish struggles. The legendary peshmerga fighter Margaret George, who was killed in the 1960s, and François Hariri, who perished in a terror attack in 2001, are remembered as important patriotic figures of Iraqi Kurdish history. Today, these communities have become theaters of a genuine cultural and intellectual renewal.

One should also underline the importance of the Kurdish Shi’a minority, known as Faylis. Barely exceeding 250,000 people, this community was among the first victims of Saddam Hussein’s presidency, which started in 1979, and many were deported to neighboring Iran shortly before the 1980-88 Iran-Iraq War. Some members of this community remained in Iran after the 2003 Gulf War; the others came back to Iraq and decided to live either in Baghdad or in Kurdistan.

The Yezidis constitute yet another distinct religious community, in spite of the fact that they are exclusively Kurdish speakers. Although Yezidism has existed as a separate religion only since the 12th century, many scholars consider that its Manichean sources go back to pre-Islamic periods. Historical documents attest that they were sporadically repressed under the Ottoman rule and sold as slaves, and their participation in the 1932 revolt alongside the Christians cost them dearly. This community, whose picturesque shrine in Lalish is known worldwide, has been recently been the victim of terror attacks, the most dramatic being those during summer 2007 in Sindjar, their second most holy place, which killed some 500 people.

Finally, the Kurdish society is also a linguistically plural one, a feature that one can explain by a conflicted, yet shared, legacy of different empires, but also by the evolution of recent decades. Many Arabs sought a de facto asylum in Kurdistan after the 2003 war in order to escape from violence in the Arab parts of Iraq. But the Kurdish-Arab coexistence is mainly visible in Kirkuk, a city and a governorate that was Arabized under Ba’ath rule through deportation of Kurdish inhabitants and, in some cases, forced installation of Arabs in the south.

Obviously, relations between the two communities, Arabs and Kurdish returnees, have not always been easy. However, in spite of many predictions—made mainly by the International Crisis Group, which feared large-scale inter-communitarian conflict—Kirkuk suffered much less than Mosul, Basra and Baghdad from the Iraq-wide violence.

The tensions between the Kurds and the Turcomans, yet another linguistic component of Kurdistan’s demographic landscape, have been rather well managed through skillful mechanisms of mediation. The Turcoman Front’s pan-Turkist and pro-Ankara strategy has produced rather poor results, both in Kirkuk and in Erbil, capital of Kurdish Region. In fact, many Turcoman politicians have decided to cooperate either with the Kurdish political parties or with the Iraq-wide political forces. This Turkish-speaking community has its own political parties, as well as primary and secondary schools and a de facto cultural autonomy.

The multi-confessional and multi-ethnic features of Kurdistan have contributed to the very shaping of the political class of Iraqi Kurdistan. In the 2005-2009 Regional Assembly, religious minorities and Turcomans were offered eight seats. Of those elected in 2009, five Turcomans have been elected as representatives of their community, and the religious communities have been offered six seats out of 111. ■



Yezidis from all over the region gather and picnic around the Lalish temples



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‘The other Iraq’: an area of peace and stability

Kurdistan may not seem like an obvious place for a vacation, but the Region has much to offer the international traveler, as Karen Dabrowska reports

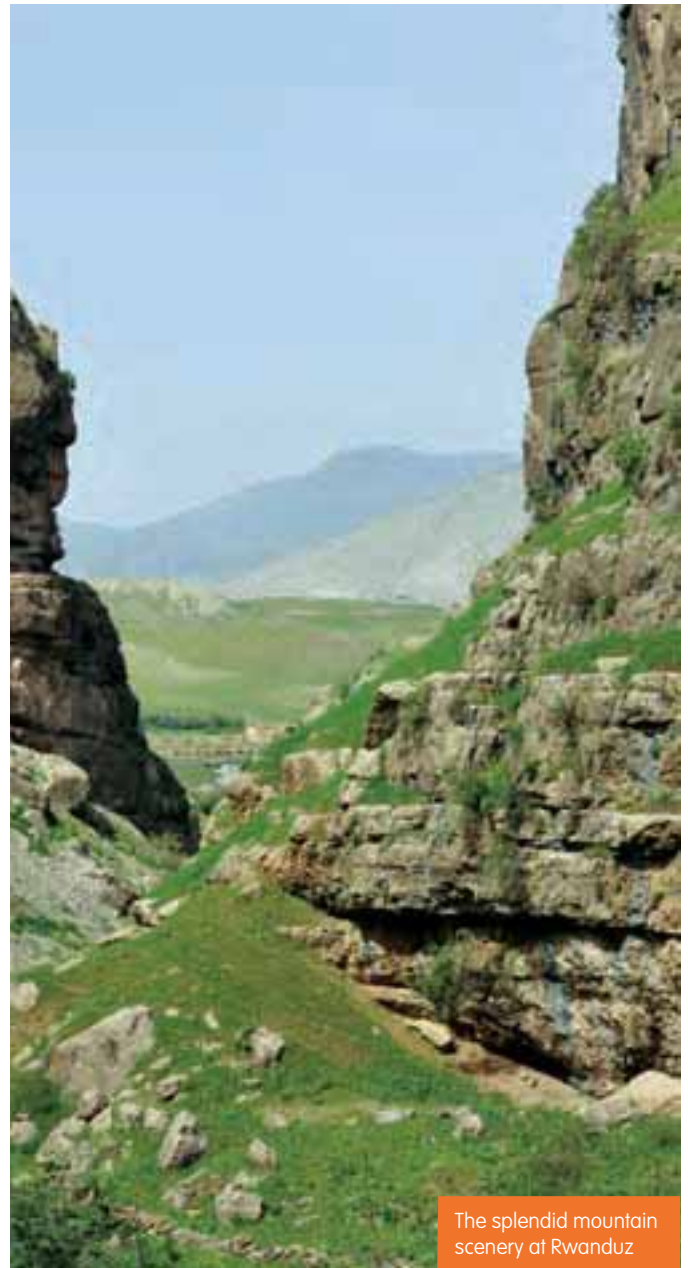
Magnificent mountain scenery, even the possibility of skiing; ancient historical sites, some dating back to Alexander the Great; and one of the world’s longest-inhabited settlements, with a fort to prove it. Add to these a vibrant and unique culture, delicious food, and genuinely welcoming people, and the Kurdistan Region of Iraq has enough attractions to satisfy even the most discerning traveler.

But its most endearing feature is safety in a country where the threat of violence has made tourism virtually impossible. A thin, relatively peaceful crescent around the upper rim of the country, extending from Dohuk to Erbil and Sulaimania, has allowed Iraqi Kurdistan to continue as a traditional area of refuge from the heat of the plains for foreigners, including troops, business people, and locals. The Region has been referred to as ‘the other Iraq’, an area of peace and stability where signs of development and construction are everywhere.

The Minister of Municipalities and Tourism, Mr Samir Abdullah Mustafa, is fostering the development of the fledgling tourist industry by encouraging direct investment in the Region’s infrastructure. He had discussions with UAE investors about tourism projects in Jebel Sven and the green belt that surrounds the city of Erbil. Habitat is constructing 10 public paths in the towns and villages that will be turned over to the ministry for leasing to entrepreneurs to operate as small businesses.

UK-based Geoff Hann of specialist adventure travel company Hinterland Travel (www.hinterlandtravel.com) is running tours to Iraqi Kurdistan, London-based IKB Travel and Tours can arrange flights, and the major local hotels—such as the Jiyan in Dohuk, the Sheraton in Erbil, and the Ashti in Sulaimania—can help with sightseeing. Recent road-building is opening up many places of scenic beauty, and a frenzy of speculative chalet- and hotel-building is taking place in Shaqlawa, Rwanuz, and Dukan.

There are airports operating to international standards in Erbil and Sulaimania, and 10-day Iraq Kurdistan entry permits



The splendid mountain scenery at Rwanuz

Kurdish identity and culture close up



Tours to Kurdistan

Kurdistan is a door to various countries, nationalities and cultures. It borders Turkey, Syria, Iran and Iraq.

Its religious population is diverse. While the main religion is Islam, Christianity and Yezidism are important, too. Assyrian and Chaldean Christians make up a large minority, not least because here lies the home of the origins of Christianity. There is also a small group of Kurdish Jews living in the province. The different religious communities live together in peace.

With their own geographic and spiritual home, Kurds are now working hard to preserve their culture and share what their province has to offer with visitors.

What does Kurdistan have to offer?

Geologically, the province has much to offer. Southern Iraq and Mesopotamia consist of a flat desert, but Kurdistan has not only deserts, but also 2,000m-high mountains.

Visitors can pass from one type of scenery to another in just a day.

Kurdistan is largely mountainous. The highest point, at 3,611m, is known as Cheekah Dar (black tent). These mountains are part of the Zagros range, which continues on into Iran. There are also many rivers flowing through them, including the Zab, which flows from the east to the west, and the Tigris, which runs through Kurdistan from Turkey and on to Iraq.

Spectacular tours

Visitors to the province enjoy a mix of culture, religion and scenery. An eight-day tour from Terre Entière, the Kurdistan tour specialists with its subsidiary Babel Tours, provides a rich variety in what is a very human experience.

You will discover landscapes of breathtaking beauty, from the deserts in the south to the mountains in the north and east. You will see the Kurdish identity and culture close up – and learn of the often painful and tragic history of a people that has withstood repeated

repression. You will encounter the minorities who inhabit these lands and who form part of a magnificent human tapestry.

More than 4,000 years ago, Assyria began a process that was to leave its imprint on the Middle East as a whole. Fourteen centuries later, Medes, Babylonians and Scythians opened a new chapter. During the tour, you will follow in the traces of a forgotten history and discover the signs of a cultural renaissance.

About Iraqi Kurdistan

By the end of the first Gulf War, the Allies had established a haven in northern Iraq. After the withdrawal of Iraqi forces from three northern provinces, Kurdistan emerged in 1992 as an autonomous province with its own local government and parliament. It has since gained official recognition internationally as an autonomous federal entity.

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In Iraqi Kurdistan, the scenery is magnificent: sometimes wooded and watered by turbulent streams, sometimes gaunt and bare, but always dramatic and awesome



Visitors can enter the picturesque Kurdistan Region via road

are granted on arrival. After that, foreigners must register with the authorities. Kurdish is spoken throughout the Region, and Arabic is understood, but young people generally prefer to speak English. Going on an organized tour or hiring a guide will help solve communication problems. Shared taxis and taxis for sole hire are available.

In Iraqi Kurdistan, the scenery is magnificent: sometimes wooded and watered by turbulent streams, sometimes gaunt and bare, but always dramatic and awesome. In spring, the dazzling colors of tulips, roses, hyacinths, gladioli, and daffodils are reflected in the women's costumes. The fruits are wonderful, especially cherries and pomegranates, and the rivers are home to 40 different types of fish. Wild boars, bears, hyenas, ibexes, hares, and lions were hunted in the mountains.

Visitors entering the Kurdistan Region via road through Turkey can get a minibus or taxi to the town of Zakho with its magnificent, ancient Abbasid bridge. The growing city of Dohuk is an hour away and can be used as a base for visiting the Yezidi temple of Lalish. It is also reasonably close to the Bavian gorge, which was constructed by the Assyrians in the seventh century BC to transport water to their orchards. The gorge is lined with outstanding Assyrian reliefs.

Erbil—one of the world's oldest inhabited cities, first mentioned in the 23rd century BC—is, today, the seat of the Kurdistan Regional Government. It is dominated by an ancient citadel that has been declared a Unesco World Heritage Site, with a museum of Kurdish textiles. The Greeks, under Alexander the Great, defeated the Persian King Darius III in the Battle of Gaugamela in 331 BC, fought 100km west of Erbil. Excursions from the city to the fourth-century Christian monasteries of Der Mar Matti and Mar Behnam are possible.

Sulaimania, a modern city with elegant suburbs, chic shops, and tree-lined boulevards, is a two- to three-hour journey from Erbil. En-route is Jarmo, one of the earliest villages known to man, dating back to 6000 BC. Its once-dreaded red security building has been turned into a museum that is a reminder of the worst excesses perpetrated against the Kurds by Saddam's regime, as is Halabja, the site of the chemical weapons attack in 1988.

Despite their often tragic history, the Kurds have never lost their love of celebrations. Nawruz, the new year festival, is usually a week-long affair with bonfires to signify the end of the winter season. Tourists are honored guests at the festivities, and the greeting extended to visitors wherever they travel is always "welcome, welcome, welcome", and it comes from the heart. ■

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